FINANCIAL TIMES

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Stuttgart: model of German expansion, Page 19

World news

Gunmen attack Israelis in Cairo

Gunmen attacked four Israelis in a suburb of Cairo as they drove away from an international trade fair.

A group calling itself "Egypt's Revolution" claimed responsibility for the attack in which an Israeli women was killed and the other occupants of the car were injured.

They had been working in the Israeli stand at the trade fair.

Britain's Prince Andrew to wed

Prince Andrew, second son of Queen Elizabeth and fourth in line to the British throne, announced his engagement to be married to Sarah Ferguson. Miss Ferguson, whose father is the manager of the polo team of Prince Charles, Prince Andrew's brother, will take the title Princess Andrew upon her marriage. Stock market 'effect', Page 11

Air routes threat

Britain threatened a squeeze on US airlines operating into the UK unless Washington acted to end alleged discrimination against foreign competitors operating on lucrative North Atlantic routes. Page 2; Australia-US air deal move, Page 3

Chad rebels clash

Chad said its troops killed 235 rebels in an attack on a guerrilla outpost at Chicha, 100 km north of the "red line", which splits the African country into a rebel-held north and a government-controlled south.

Palme 'suspect' freed

Police in Stockholm released a Swedish extreme right-winger who had been charged with involvement in the murder of Prime Minister Olof Palme. Page 2

Finnish strike ends

More than 40,000 Finnish state employees were expected to end a two-day strike that has stopped all trains and grounded most aircraft. They said they would begin an indefinite strike in April if no pay deal was reached.

Marcos 'donations'

Documents brought to the US by former President Ferdinand Marcos of the Philippines appear to contain a plan to make contributions to the 1980 election campaigns of both President Ronald Reagan and former President Jimmy Carter. Page 4

Madrid gang broken

Spanish police said they had smashed two gangs of thieves who caused alarm in Madrid's night spots by holding up fashionable restaurants and robbing diners at gunpoint.

UK seeks ruling

Britain asked the European Court of Justice to rule as illegal a decision, taken by EEC agriculture ministers, to ban the use of hormones in cattle feed in the European Community.

Rabbi urges probe

Chief Rabbi Mordechai Eliahu, one of Israel's chief rabbis, urged former United Nations Secretary-General Kurt Waldheim to face an investigation in Israel in order to clear his name of an alleged Nazi past during the second world war.

Ugandan town seized

Uganda's ruling National Resistance Army was poised to end the opposition from troops of the former government after capturing the northern town of Kitgum.

Malamud dies

Bernard Malamud, one of America's foremost writers, died at the age of 71 in New York.

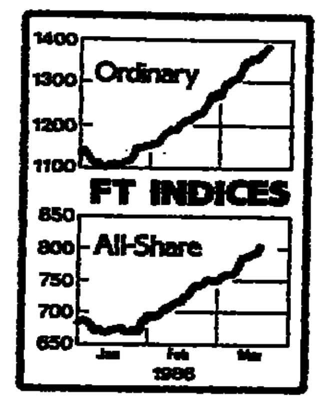
Peru sacks police

The Peruvian Government dismissed 238 senior police officers in its latest corruption purge.

Business summary

Chase drops travellers cheques

BARCLAYS BANK, one of the four largest UK commercial banks, acquired for an undisclosed sum the Visa travellers-cheque business of Chase Manhattan Corporation. Page 13



LONDON gilts and equities surged in post-budget euphoria. The FT Ordinary index peaked with a 14.9 gain to 1,389.5 while the FT-SE 100 rose 15.4 to 1,659.8. Page 40

WALL STREET: The Dow Jones industrial average closed 1.92 down at 1,787.95. Page 40

TOKYO shares were unsettled by a sharp fall in the yen. The Nikkei market average lost 162.78 to 14,476.54. Page 40

SINGAPORE stock exchange is to ease its broking regulations, setting the stage for greater foreign participation. Page 23; Market report, Page 40

DOLLAR closed in New York at DM 2.2605, SFr 1.8945, FFr 6.9555 and Y178.90. It was firmer in London, rising to DM 2.2615 (DM 2.249), SFr 1.8955 (SFr 1.8835), FFr 6.955 (FFr 6.915) and Y176.95 (Y175.0). On Bank of England figures, the dollar's index rose to 117.2 from 116.7. Page 33

STERLING closed in New York at $1.4940. It gained 0.25 cents against the dollar in London to $1.48 and rose to DM 3.3475 (DM 3.3225), SFr 2.805 (SFr 2.7825), FFr 10.2925 (FFr 10.2175) and Y262.0 (Y258.5). The pound's exchange-rate index rose 0.5 to 74.8. Page 33

GOLD fell $2.75 on the London bullion market to $347.75 and was $4.25 lower in Zurich at $347.00. In New York, the Comex April settlement was $350.80. Page 32

US ECONOMY grew at an annual rate of only 0.7 per cent in the fourth quarter of last year, 2.5 percentage points below earlier estimates. Page 26

MEXICO'S oil-export revenue fell 11.3 per cent in 1985 ahead of this year's international oil-market collapse. For the second consecutive year, the country's proven oil reserves were down. Page 22

TEXACO, US oil major struggling to nullify a $11.1bn damages award to Pennzoil, has signed a joint US exploration venture with Nippon Oil of Japan. Page 21

INTERNATIONAL THOMSON Organisation, Canadian publishing, travel and energy group, lifted net income from £99m to £111m ($162m) last year. Page 21

CITICORP'S $680m takeover offer sent shares of Quotron, the Los Angeles-based financial information service, soaring on Wall Street. Page 21

SONY, Japanese audio equipment manufacturer, suffered a 5.5 per cent fall in consolidated net profits to Y18.73bn ($106m) in the year to end January. Page 23

KLÖCKNER-WERKE, West German steel and engineering group, reported a strong recovery in trading performance for the year to September, 1985, and forecast further significant progress in the medium term. Page 21

SNIA BPD, Italian fibres, munitions and chemicals group of which Fiat is a main shareholder, is paying L376bn ($244m) in shares for Bioengineering, a Fiat subsidiary. Page 24

Mitterrand insists on veto over Chirac's ministers

MR JACQUES CHIRAC was yesterday involved in difficult negotiations with his coalition partners on the formation of a new government before being officially appointed Prime Minister by President François Mitterrand, writes David Housego in Paris.

Mr Chirac has given himself until today to put together his ministerial team for submission to the President. Mr Mitterrand made clear that he maintained a right of veto over sensitive appointments such as foreign affairs and defence and that he would not welcome in the Cabinet men who had spoken strongly against him in his role of President of the Republic.

That assertion of presidential authority increased Mr Chirac's difficulties in drawing up a list of ministers that reflected the balance of forces between his own neo-Gaullist RPR party and the centrist UDF.

The main victim of Mr Mitterrand's veto was Mr Jean Lecanuet, the president of the UDF, who indicated that Mr Chirac had wanted to offer him the post of foreign minister but that Mr Mitterrand had declined to accept him. He said he had refused any other post but reaffirmed that he would support Mr Chirac's government.

The negotiations between Mr Chirac, the President and the right-wing parties are the first major sign of the change in the workings of the institutions of the Fifth Republic that last Sunday's election result has brought about.

Until now, Cabinet-making has been done in secrecy between the President and the Prime Minister as the President has also controlled the majority in the National Assembly.

None the less, Mr Chirac yesterday played down reports of disagreements with Mr Mitterrand, saying there were no real problems between them. He added: "Things are working out normally."

Both Mr Chirac and Mr Mitterrand have at this stage a strong interest in avoiding a crisis and demonstrating that "cohabitation" between President and Prime Minister of opposing parties can work smoothly.

One difference yet to be resolved, however, is Mr Chirac's wish to accelerate his legislative programme through having new laws adopted by decree. The advantage of that is that it cuts short lengthy parliamentary debates that could drag out the new majority's programme and damage its image.

The first round of discussions between Mr Mitterrand and Mr Chirac were thus being described yesterday as defining the rules of the game in the novel situation of a Socialist President and a right-wing Prime Minister.

Throughout the day Mr Chirac saw individually and in groups the leaders of the different components of the UDF. In clearly difficult "horse-trading," his problem was to find them posts that corresponded with their political strength and that would bind them to the coalition.

Present during most of those conversations was Mr Edouard Balladur, a close of adviser of Mr Chirac's and a former Secretary General at the Elysée Palace, who is expected to be the new finance minister.

Mr Philippe Mestre, a close supporter of Mr Raymond Barre, the former Prime Minister, who has denounced cohabitation as unworkable, described this process of consultation as a "difficult pregnancy." The RPR and the UDF have said that one of their first priorities in the new Assembly will be to bring back single-constituency majority voting, which would have given them a much larger majority in the Assembly. Mr Jean-Marie le Pen, the leader of the extreme right-wing National Front, said last night that his movement, with 35 deputies in the new Assembly, would oppose such a move.

UK interest rates cut by 1 point

BY PHILIP STEPHENS IN LONDON

BRITAIN's leading banks cut their base lending rates by 1 percentage point to 11½ per cent yesterday as London markets reacted warmly to Tuesday's budget and Mr Nigel Lawson, Chancellor of the Exchequer, held out the prospect of further reductions over coming months.

The cut in base rates, signalled by the Bank of England, was quickly followed by a ¾-point reduction in mortgage rates on home loans.

Sterling, share prices and government securities all rose strongly in London as post-budget optimism was strengthened by speculation that oil prices may now be stabilising.

The Confederation of British Industry welcomed the reduction in borrowing costs, which it said would lead to more investment, prosperity and jobs.

Mr Lawson, in an upbeat mood after the budget's favourable reception in financial markets and in his own party, said he hoped that falling world interest rates and an expected sharp drop in Britain's inflation rate would lead to further cuts.

Mr Lawson emphasised, however, that further reductions would depend on a continuing fall in the inflation rate and that the longer-term outlook depended on the pace of pay awards.

There was no "guarantee" of lower borrowing costs and he would have no hesitation in raising them again if the outlook for prices deteriorated.

Mr Lawson also said that the halving of the oil price since last autumn had weakened the objections to full British membership of the European Monetary System. There were still objections to taking the pound into the exchange rate mechanism, however, and he was non-committal on whether that was likely to happen during the lifetime of the present parliament.

Yesterday's cut in interest rates followed a decision by the Bank of England to reduce its dealing rates for wholesale money market operations. Barclays and other leading banks quickly followed with a 1-point reduction in their base rates.

The central bank said it acted following the favourable reaction to the budget and in response to a number of other factors. The latter is thought to refer to the view that there has been some slowdown in the growth rate of the broad measure of the money supply, that the Government's fiscal policy is relatively tight, and that prospects in the oil market have improved.

The fall in base rates to 11½ per cent takes them back to the level during the second half of last year, reversing the 1-point increase announced in January when the pound was under strong pressure on foreign exchange markets.

Borrowing costs in Britain, however, still remain well above those of its major competitors and compare, for example, with levels of just over 4 per cent in West Germany.

On the foreign exchange markets yesterday, sterling shrugged off the base rate cut as speculation grew that the Organisation of Petroleum Exporting Countries might secure some agreement on oil production quotas.

The sterling index closed 0.5 points higher at 74.8, while against a generally stronger dollar the pound gained 0.25 cents to $1.48.

On the London Stock Exchange, gilt-edged prices soared.

UK budget reaction, Page 14; Lex, Page 20; Money markets, Page 33; London stock market, Page 36

ICI's £ Eurobond breaks new ground

By Alexander Nicoll in London

STRONG DEMAND for sterling-denominated bonds, amid the fall in British interest rates, led Imperial Chemical Industries yesterday to launch a £100m Eurobond issue, which challenged the traditional preferences of British investing institutions.

It took advantage at the same time of institutions' desperation to buy long-term sterling bonds as bank base rates were cut yesterday, and of a change in stamp duty announced by Mr Nigel Lawson, the Chancellor of the Exchequer, in Tuesday's budget speech.

His imposition of stamp duty on domestic bond issues was quickly interpreted in the markets as driving investors into Eurobonds, which as bearer securities are exempt from stamp duty.

Eurobonds are typically issued without covenants. But virtually all sterling Eurobond issues have been for medium-term maturities. UK institutions' preference for long-term paper with covenants has limited borrowers' ability to issue long-term bonds.

With its issue led by Morgan Grenfell and Lloyds Merchant Bank, ICI, by introducing a 17-year maturity to the Euro-sterling market for the first time, challenged UK institutions to buy long-term paper without covenants.

Such covenants place restrictions on issuers' overall borrowing, stipulate adherence to specified financial performance ratios, or limit their ability to make disposals.

Yesterday's strength in the sterling bond markets meant that institutions were virtually forced to buy the ICI paper without worrying whether it was covenanted. Dealers said it remained to be seen whether British institutions would keep the bonds as a long-term investment.

Money markets, Page 33

Singapore set to place $1.8bn Boeing order

BY CHRIS SHERWELL IN SINGAPORE

SINGAPORE International Airlines (SIA), the island state's national flag carrier, is expected shortly to announce a $1.8bn order for at least 14 Boeing 747-400s, the new long-range, fuel-efficient jumbo aircraft.

The order will be coupled with the disposal of some of the airline's existing fleet but may also carry options on further 747s. It will immediately provoke a no-holds-barred competition for orders between engine suppliers Pratt & Whitney of the US, which is SIA's main supplier; General Electric, also of the US; and Rolls-Royce of the UK.

The airline is also approaching a final decision on the expansion of its fleet of smaller twin-engined aircraft, with a choice between Boeing 757s and Airbus A-310s. Three new aircraft are believed to be involved, and possible options on more.

The decision is important, since a choice in favour of the 757 would yield a better jumbo deal. But there may equally be a preference for the more popular Airbus, and the European consortium is keen to offer its own proposed long-haul aircraft, the A-340, as part of a larger package.

Teams from the aircraft manufacturers and engine suppliers are in Singapore to consolidate their positions with the airline, which last surprised the world in May 1983 by placing a $1.4bn order for six Boeing 747s, four Boeing 757s and six Airbus A-310s.

The airline's fleet, one of the world's youngest, stands at 29 aircraft – nine Boeing 747-200s, 10 747-300s, four 757s and six A-310s. The new jumbos would be delivered from 1988 onwards and would coincide with the disposal of the 747-200s.

SIA has long been interested in the 747-400, and had hoped to become "launch operator" until Northwest Orient Airlines snatched the honour with an order for 10 aircraft last October.

Northwest Orient's aircraft will be powered by Pratt & Whitney's new fuel-efficient PW4000 engine, a choice that might propel the United Technologies subsidiary into an even stronger position to bid for the SIA engine order.

But keen competition is expected from General Electric, whose CF6-80-C2 engine, unlike the PW4000, is already in service on other aircraft. If Rolls-Royce bids, it would offer an upgraded version of the RB 211-524D4D engine. Ironically, SIA's current dependence on Pratt & Whitney might actually help its two competitors.

SIA wants the 747-400 in order to offer customers daily non-stop flight each way between Singapore and London all year round. Because of headwinds and existing safety margins, the airline can at present offer non-stop flights only one way, from London. They have proved highly successful.

Other international airlines interested in the 747-400 include Cathay Pacific, Qantas, British Airways and Lufthansa, and here both Rolls-Royce and General Electric hope to squeeze out Pratt & Whitney for engine orders.

The timing of an announcement on the smaller aircraft remains unclear. But if SIA goes for more A-310s, a second engine competition could be expected, because Pratt & Whitney no longer manufactures the engines powering the airline's present aircraft.

Reichmann bid values Hiram Walker at C$3.2bn

By Bernard Simon in Toronto

GULF CANADA, the resources group controlled by Toronto-based property developer Olympia and York, is to bid for control of Hiram Walker Resources, the Canadian energy and distiller spirits company whose brands include Canadian Club Whiskey, Ballantine's scotch and Courvoisier cognac. Gulf's offer values Hiram Walker at C$3.2bn ($2.3bn).

A successful bid would catapault the Reichmann family, Olympia's major shareholders, into a leading force in the Canadian energy industry and give them an important stake in the international drinks market.

The Reichmanns have shown an interest in diversifying from property into natural resources since acquiring control of the newsprint maker Abitibi-Price five years ago. Olympia bought control of Gulf Canada from the latter's US parent last year and owns 80 per cent of its common shares.

Gulf Canada said yesterday that it planned to offer C$32 in cash a share for up to 26m of Hiram Walker's common shares and C$28⅜ for each of 14m outstanding first series, class D preference shares.

The bid, valued at C$1.23bn, covers 38 per cent of Hiram Walker's outstanding voting shares.

If insufficient preference shares were tendered to meet Gulf's target, the company would raise the maximum number of common shares to be purchased. Olympia and York, which already holds about 11 per cent of Hiram Walker's voting shares, said that it would not tender any of its holdings under the offer.

Olympia and York has restructured Gulf Canada into a holding company for its natural resource interests, including Abitibi-Price and the oil and gas exploration and production operations bought from Gulf of the US. Olympia has disposed of Gulf Canada's downstream assets, including refineries and service stations.

Earlier this year Gulf Canada announced a promising discovery in the Beaufort Sea which may be developed into the first commercial oilfield off Canada's northern Arctic coast. Energy analysts said yesterday that one reason for Gulf's interest in Hiram Walker might be the latter's 34 per cent holding in Interprovincial Pipeline, which operates the longest crude oil and liquids pipeline system in North America.

Distilled spirits make up only 29 per cent of Hiram Walker's assets of C$6bn but contribute more than half its operating profits.

London to reform SE council

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

RADICAL constitutional reforms are planned by the London Stock Exchange in an effort to give large financial groups now entering the market more influence in its running. The moves are likely to reduce the exchange's ruling council from the present 52 members to a maximum of 25.

The exchange, announcing the plans yesterday, said the governing body should be representative of the future range of businesses within the exchange.

The plans were drawn up after stock exchange members last June defeated a proposal that would have led to the transfer of membership of the exchange from individuals to companies.

Officials have since then sought to devise a scheme to give new outside groups, such as Merrill Lynch and Nomura, which are joining the exchange, an involvement in the running of the market appropriate to their size.

An internal committee has proposed that council membership reduced from 52 to a maximum of 25. Independent "lay members" drawn from the wider business community and who currently have five places on the council, would have more seats. Not less than one quarter of the council and not more than one third would be drawn from various outside business interests.

The lay members would represent the public's interest and the interests of users of the exchange. The number of exchange securities dealers who hold places on the council would fall sharply. Assuming the council has the maximum number of seats indicated in the new scheme the exchange's practitioners could lose 30 places. The exchange intends to ensure an appropriate spread of representation and plans that the new council will be in place by June 1987.

The large outside financial groups now moving into the exchange, either by acquisition of firms, or by seeking individual corporate membership, will gain more influence through participation on a range of standing committees.

Executive and rule-making powers would in effect be delegated to the committees by the council. The council would have representation on the committees and practitioners from various firms, including newcomers, would be co-opted on to the committees.

Some of the moves will need amendments to the exchange's principal constitutional document, the deed of settlement, and will have to be put to a vote. A 75 per cent majority might be required on important issues.

Last night there was some discontent among smaller firms on the exchange. "If it is seen as a step which disenfranchises the members, the exchange will have trouble," said one member.

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CONTENTS

Cheysson promises talks with Argentina

By Quentin Peel in Brussels

THE DISPUTE between Britain and Argentina over the Falkland Islands remains a legal, but not necessarily a practical block to closer *co-operation with the European Community*, Mr Claude Cheysson, the European Commissioner responsible *for relations with Latin America*, said yesterday.

He ruled out any early prospect of a new formal co-operation agreement between the EEC and Argentina because of the latter's restriction *on trade links with the UK*. But he promised continuing dialogue and frequent meetings on commercial, *economic* and *political* relations.

Mr Cheysson, the former French Foreign Minister, was speaking after a day of talks with Mr Dante Caputo, the Argentine Foreign Minister, in Brussels.

Apart from the Falklands dispute, the two sides remain opposed on questions of agricultural trade – the issue on which the last co-operation agreement was broken off by Argentina in 1980, two years before the Falklands' conflict.

Mr Caputo said that in spite of the differences, "they should not conceal the fact that we do have common interests."

His visit was of "great importance," and he stressed the need to "maintain a political dialogue with the Community."

Mr Caputo said the Falklands' dispute was a bilateral matter which had to be settled with the British Government. He simply repeated the outcome of the United Nations' vote in favour of re-opening negotiations, in which several EEC member states voted against the British rejection.

Shultz follows Howe to Athens for discussions with Papandreou

BY ANDRIANA IERODIACONOU IN ATHENS

SIR GEOFFREY HOWE, the British Foreign Secretary, and Mr George Shultz, the US Secretary of State, will pay official visits to Athens within a few days of each other for talks expected to concentrate on Cyprus, the EEC, Nato, East-West relations and the controversial issue of US bases in Greece.

Sir Geoffrey, who will be the first British Foreign Secretary to visit Greece since 1944, when his predecessor Anthony Eden flew with Winston Churchill to Athens for an attempt to damp down the burgeoning Greek civil war, will be the first to arrive *today for a three-day visit*.

The Foreign Secretary's talks with members of the Greek Government tomorrow will include a meeting with Mr Andreas Papandreou, *the Prime Minister*.

More drama surrounds the visit of Mr Shultz, who is due to arrive on Monday for another two full days of talks.

The original idea was that the US Secretary of State should pin Mr Papandreou down on what will happen to the four military bases after 1988, when the five-year defence and economic co-operation agreement signed with the Greek Socialist Government in 1983 runs out.

Recently, however, the Greek *Prime Minister warned Washington* strongly not to press for a "yes" or "no" answer on the bases so early, hinting at the same time that he would be willing to begin negotiations to extend them a little closer to the 1988 deadline.

Whether Mr Shultz will try to force a showdown on the bases is the question being hotly debated in Athens.

The two foreign secretaries can be expected to broach some subjects in common during their visits. Both are expected to stress the importance of continued co-operation against terrorism. The British and Americans say that, since the disastrous summer and autumn of 1985, which saw two air hijackings *from Athens and the* bombing of a Glyfada beach hotel full of British tourists, Greece has opened the door in an unprecedented way to security co-operation. Follow-up measures will be discussed and encouraged.

Both men are also expected to dwell on the need to normalise Greece's role in Western economic and military organisations, which has been an uneasy one since the Socialists came to power on an anti-EEC and Anti-Nato platform in 1981.

They are expected to lobby for an easing of tension between Greece and Turkey in the cause of Nato unity, through the start of a political *dialogue between Athens and Ankara*. Britain and the US are particularly anxious to see an end to the Greek boycott of alliance exercises in the Aegean and to revive plans to set up a new Nato headquarters in northern Greece which have been held up by Greek-Turkish differences on the sharing of operational control.

This will lead inevitably to a discussion of Cyprus. Mr Papandreou has linked the start of a dialogue with Ankara to the termination of Turkey's 11-year military occupation of north Cyprus. Much ink has been spilled in both the Greek and Turkish press in speculation about whether Britain and the US might be ready to assume the role of honest broker and whether Sir Geoffrey or Mr Shultz might pull a "package deal" on the Aegean and Cyprus problems from their briefcases.

However, that seems unlikely: British and American officials say there is no change *in their present policy to treat* the Greek-Turkish quarrel as a bilateral one which the two sides *must be encouraged to* settle on their own.

The official line is that London and *Washington* both support mediation efforts by the United Nations Secretary-General, Mr Javier Perez de Cuellar. These are expected to yield the third draft settlement plan for the island since January, 1985, at the end of March.

Warning by Britain on US flight regulations

By Walter Ellis in London

BRITAIN yesterday threatened a squeeze on American airlines operating into the UK unless the US authorities acted to end alleged discrimination against foreign competitors operating the lucrative North Atlantic routes.

The threat comes against the background of Anglo-American talks on aviation issues, due to be resumed this week in New York.

Mr Michael Spicer, the Aviation Minister, told the American Chamber of Commerce in London that it was "deplorable" that actions and attitudes in the US had forced the UK Government last week to postpone its promised privatisation of British Airways.

In the course of an unusually hard-hitting speech on the eve of important negotiations, he said US airlines were increasingly monopolising traffic operating in and out of their "home" airports and thereby denying European airlines free access to the American domestic market – the biggest of its kind in the world.

He also repeated the Government's claim that application of American anti-trust legislation to foreign airlines represented an unreasonable threat to their operations.

Four years after the collapse of Laker Airways, with all its attendant litigation, the possibility of future court actions made it extremely difficult to write a prospectus for British Airways that could be marketable in the UK.

"One of the fundamental rules of international aviation is that competition must be fair and equal," Mr Spicer told his audience – made up mainly of American and British businessmen. "On the Atlantic [route] it is not."

On anti-trust, Mr Spicer said it was unacceptable to Britain that the US should permit the unilateral application of its anti-trust law and its courts – including the claimed jurisdiction over persons and documents in the UK – to judge the legitimacy of fares by different criteria, and potentially to award big treble damages against the airlines that charged them.

Faced with these difficulties, the Government was doing what it could to rectify the "competitive imbalance."

"But we are not making much progress. The only practical means we have to protect our airlines, which are perfectly competitive in terms of price, performance and profit, from being progressively forced off UK-US routes, is to exercise some restraint on the capacity of US airlines."

The minister warned of "very serious damage to our airlines" unless some sort of relationship could be established between demand and seats offered.

The Anglo-American air market is regulated by a bilateral air service agreement known as Bermuda Two, dating from 1977.

The capacity control annex of the agreement expires in July and, according to the minister, the continuation of an agreed mechanism for preventing excessive capacity on the Atlantic routes is essential.

EEC aims to lift TV barriers

BY OUR BRUSSELS CORRESPONDENT

THE EUROPEAN Commission yesterday finalised its plans to open up the television market in the EEC and break down *the national barriers* to cross-frontier broadcasting.

The aim is to set minimum *acceptable standards for all the member-states* so that television viewers will be able to receive programmes from any other Community country.

It seems certain, however, to run *into fierce resistance* from many of the EEC governments and state broadcasting concerns, which are worried at *the loss of national control* over television standards.

The plans were presented yesterday by Lord Cockfield, the British Commissioner responsible for the internal market, as "the minimum *regulatory system* we think will be acceptable to all the member-states."

Its aim was to provide a liberal system "to encourage the utmost freedom" of broadcasting coinciding *with the spread* of cable and satellite TV.

Key provisions in the draft directive include:

● A maximum of 15 per cent broadcasting *time allocated to* advertising.

● At least 30 per cent of non-news programmes *made in the EEC*, rising to 60 per cent;

● A ban on tobacco advertising and strict rules *on liquor advertising*;

● Limits on the use of copyright to prevent cross-border transmissions, but guarantees of adequate payment;

● Common standards for satellite *transmissions* – the so-called MAC-packet family including both C-MAC and D2-MAC;

● *Finance and encouragement* for independent European programme makers.

Lord Cockfield rejected any suggestion that the plans would impose stricter standards on individual national channels, *pointing out*, for example, that the minimum level of European programmes was over 60 *per cent* for all member-states already.

Individual EEC countries would be free to maintain higher (or lower) standards on their own channels, *he said, such as* stricter controls on advertising time.

However, they would not be able to refuse transmission of other EEC stations, provided they complied with the Community standards.

The main battle within the Commission was over the amount of time to allocate to advertising, with Lord Cockfield pressing for a higher level of 20 per cent while Mr Carlo Ripa di Meana, the Italian Commissioner responsible for culture, wanted it cut to 10 per cent.

The 15 per cent solution was a straight compromise.

Lord Cockfield said the Commission wanted to encourage European programme making.

Fiercest resistance to the plan is likely to come from Denmark, where no advertising is allowed on television, and from state broadcasting monopolies.

Craxi coalition shows strain of two and half years in power

BY JAMES BUXTON IN ROME

MR BETTINO CRAXI, Italy's *Socialist Prime Minister*, yesterday began talks with his coalition partners aimed at deciding *the future of his government*, which has now lasted longer than any other in Italy's post-war history.

Although Mr Craxi's personal position is strong, his five-party coalition of Christian Democrats, Socialists, Republicans, Social Democrats and Liberals is disunited and lacking in purpose. This is a direct consequence of the fact that it has been in existence for more than two and *a half years*.

The Government has achieved many of the easier *objectives in its programme* which was drafted with a relatively short-lived government in mind. The longer it has lasted, the greater has grown the discontent of those MPs, principally the large Christian Democrat party, who were not given ministerial and other posts when it was formed in August 1983.

This discontent overflowed earlier this year when Parliament was considering the Finance Bill. Christian Democrat MPs again and again used the secret ballot procedure to ally themselves with the Communist and neo-Fascist opposition and bring the Government's defeat.

The questions of drafting a new programme and *reshuffling* the cabinet to bring in new faces is inextricably interlinked with the question of how long Mr Craxi remains Prime Minister.

Mr Ciriaco De Mita, the Christian Democrat leader, is said to have agreed with Mr Craxi when he took office that the Socialist leader would remain Prime Minister until about half way through the present parliament. *That point* has now been reached. The last date for the next general election is in June 1988.

Mr Craxi, however, is determined to stay at Palazzo Chigi, the Prime Minister's residence, and Mr De Mita appears to be in little hurry to evict him. For one thing he would have no good public reason to do so: Mr Craxi's prestige is high and the fall in the oil price and the dollar have greatly improved Italy's economic prospects for this year.

For Mr De Mita there would also be the tricky question of finding a role for Mr Craxi if he were no longer Prime Minister. The Christian Democrat leader is aware, too, that *his party has actually benefited* in electoral terms while Mr Craxi has been Prime Minister.

However, strong as the case might be for leaving things as they are, Mr De Mita must face in May the Christian Democrat Party congress, which he is relying on to give him a new mandate as party leader. He would probably prefer to grant Mr Craxi only a provisional extension of his lease on Palazzo Chigi, with strict guarantees of a hand-over to a Christian Democrat well before the end of the present parliament. Mr Craxi, on the other hand, insists that there is no reason for him not to serve a full term.

If agreement can be reached over the next few days, the coalition partners will also have to decide how to stage a reshuffle of the Cabinet and what to put in the new government programme.

Palme suspect released

By David Brown in Stockholm

THE SWEDISH police have released the man charged earlier this week in connection with the assassination of Prime Minister Olof Palme.

Mr Hans Holmer, Stockholm's police commissioner, said that an essential piece of evidence had proved to be groundless.

He also revealed that another suspect, an acquaintance of the man now freed, would also be released. He has been detained since Monday for illegal possession of weapons.

The 32-year-old Swedish man, who maintained his complete innocence, was to have appeared in court today on further charges, and elaborate measures were planned to ensure his security after his identity became widely known.

His name and photograph were published in the Swedish newspaper, Arbetet, breaking a domestic code of press ethics, following a similar move by foreign news organisations.

The news of the man's arrest last week came as a surprise following earlier open speculation by the police commissioner that the murderer was "probably a professional assassin" backed by accomplices.

The police appear now to be without any strong suspects in the case. Mr Palme was murdered as he walked home with his wife from a Stockholm cinema on February 28.

Bonn and US sign basic accord on SDI participation

WEST GERMANY and the US *have* reached basic agreement on a pact governing West German participation in President Ronald Reagan's Strategic Defence Initiative (SDI) programme and hope to seal an accord next week, Reuter reports from Grafenwoehr.

Chancellor Helmut Kohl told a joint news conference after talks with Mr Caspar Weinberger, the US Defence Secretary, that "basic problems have been cleared away" with regard to Bonn's role in the so-called Star Wars project. Mr Martin Bangemann, the Economics Minister, is to go to Washington next week to conclude talks.

Mr Weinberger said: "We have basic agreement on SDI and I'm looking forward to having an agreement completed and signed *in very short time.*" Mr Kohl said negotiators would drawt two parallel agreements in the next few days, both to be signed later by Mr Bangemann.

The agreements are expected to cover Bonn's backing for West German companies taking part in SDI research and the framework regulation use of *technology developed under SDI* contracts.

Mr Kohl and Mr Weinberger spoke to reporters at the US military base at Grafenwoehr in Bavaria, where they earlier watched joint German-US military exercises.

Washington has been seeking a strong government accord underlining Bonn's endorsement for the SDI plan to research the feasibility of an anti-missile defence system.

But influential liberals in Mr Kohl's centre-right coalition have held out for a low-profile, commercial pact putting SDI contracts in the overall context of improved high-technology co-operation.

Washington would have preferred the agreements to be signed by Mr Weinberger's West German counterpart, Mr Manfred Woerner, but Bonn apparently refused.

Mr Bangemann has led negotiations on West Germany's SDI role since the cabinet decided 14 weeks ago to seek a role in the controversial $26bn research project.

Unlike the secret SDI pact Mr Weinberger signed with the British Defence Ministry, Bonn is expected to insist that its agreement be public.

The Kohl-Weinberger talks were seen as a bid to accelerate the negotiations so an agreement could be signed by the *end of this month, as predicted* by the Bonn Government.

Luxembourg defends its satellite

By David Marsh in Paris

THE LUXEMBOURG Government *has* made a riposte in a widening battle with neighbouring countries over satellite television broadcasting in Europe.

In an attempt to gain international acceptance for its own satellite television plans, Mr Jacques Santer, the Luxembourg Prime Minister, has told the European Satellite Telecommunications Organisation (Eutelsat) that worries about excessive commercial rivalry from competing systems were groundless.

Mr Santer, in a letter sent last month to the 26-nation body owned by European posts and telecommunications administrations (PTTs), says that the Grand Duchy's satellite – planned to be launched next spring – could even benefit Eutelsat by increasing general demand for TV services.

Eutelsat, of which Luxembourg is a member, launched a campaign against the Grand Duchy's satellite broadcasting plans more than two years ago.

UK to outline nuclear arms plan at Nato talks

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN WURZBURG, BAVARIA

BRITAIN'S PLANS to modernise its nuclear deterrent, with the introduction of Trident submarines and new battlefield weapons, will be discussed for the first time in nearly six years by Nato's Defence Ministers when they meet here today and tomorrow.

British officials insist that the full Nato briefing on the UK's deterrent, the first since 1980 when Britain opted to replace the present Polaris nuclear missile system with the £9.8bn ($14.4bn) Trident, will contain no surprises.

Defence Ministers are meeting as Nato's Nuclear Planning Group (NPG) in a regular bi-annual session. Mr George Younger, attending his first Nato meeting as UK Defence Secretary, is said to have felt *it appropriate* that his colleagues should be brought up to date on Britain's nuclear plans.

However, the timing is seen as significant in two respects. Mr Younger will be able to explain to the meeting why the UK intends to continue modernising its nuclear forces and sees no role for them in the current US-Soviet arms control negotiations, at least until major cuts have been made in super-power arsenals.

The briefing will also enable the UK to explain its role in the modernisation of Nato's short-range or battlefield nuclear weapons, which has been the subject of some wrangling within Nato over the past few years.

Detailed plans to reduce these weapons by about 1400 warheads by 1988 and to modernise the remaining 4600 bombs, shells and missiles in the 1990s have been produced by Gen Bernard Rogers, the Supreme Nato Commander in Europe, and has caused *some dissention* on both political and cost grounds within the alliance.

Britain is apparently little affected by the first phase of reductions. But plans to modernise the UK's own battlefield weapons, including the possibility of its "free fall" bombs being replaced by missiles, would be involved in a second-stage, more costly update.

The NPG is the most secretive of Nato's bodies with even its agenda remaining unpublished on security grounds.

As the alliance's main forum for discussion of nuclear matters ministers are expected not only to review the latest state of super-power arms control negotiations but also to hear from the US on the progress of its Strategic Defence Initiative research *programme*.

Poland cuts back on book imports

By Christopher Bobinski in Warsaw

POLAND'S hard currency payments problems have affected imports of Western journals and books, purchases of which are expected to fall this year to the dismay of – among others – academics concerned at the *growing scientific* gap between Poland and the West.

Delays with securing cash allocations from the Polish Government this year have meant that only now are orders going out and payments outstanding from last year being made.

In the meantime, Western newspapers have disappeared from public reading rooms in major cities and universities. *Companies* and journalists have had to go without their already much-diminished subscriptions.

Last year Poland spent $3.3m on 8,332 titles compared with 1980 when $9.7m was spent on 10,000 titles – and 1974 when a record 12,416 titles were imported.

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OVERSEAS NEWS

Japanese electricity industry to lift spending by 14%

BY JUREK MARTIN IN TOKYO

JAPAN'S nine electric power companies announced yesterday that they planned to increase capital spending by about 14 per cent in the fiscal year starting next month.

The increase in spending—from an estimated Y3,040bn (£11.8bn) to about Y3,480bn—would, according to the industry association, help spur domestic demand and thus contribute to the government's pending reflationary plans.

Yesterday's announcement, however, is not as simple as it appears. A fierce tug of war is developing inside government and industry over how best to deploy the clear benefits the nation is enjoying from cheaper oil, brought about both by lower Organisation of Petroleum Exporting Countries prices and a strong yen.

The Ministry of International Trade and Industry (Miti) has estimated that the utility companies could reap as much as Y2,000bn in windfall profits over the current and next fiscal years, with almost all the gain accrued in fiscal 1986-87.

Two leading claims have already been advanced on this windfall. The first, associated with the Foreign Ministry, is that it should be used to bolster Japan's foreign aid programme.

The second, and probably most influential, comes from industry and its allies in government. Yesterday, the Keidanren, the employers' federation, issued a paper calling on the utility companies to aid both industrial and individual consumers by cutting rates sharply. Mr Michio Watanabe, the Minister of International Trade and Industry, had earlier called for lower rates.

The US dollar rebounded against the yen in Tokyo yesterday largely on the strength of the market's conviction that the Bank of Japan had intervened in New York on Tuesday to prop up the US currency, Jurek Martin writes. Mr Satoshi Sumita, governor of the central bank, flatly refused to confirm or deny that intervention had taken place, but the tenor of his remarks at a press conference was such as to persuade dealers that it had. The dollar closed at Y176.80, up 1.90 on the day, on heavy spot volume of over $5bn. Mr Sumita suggested that the US monetary authorities agreed with the Bank of Japan's assessment that the dollar had fallen too far and too fast against the yen.

Curfew imposed in Sabah city

By Wong Sulong in Kuala Lumpur

A DUSK TO DAWN curfew has been imposed in Kota Kinabalu, capital of the East Malaysian state of Sabah, following riots by Moslims yesterday in which two people were killed and another dozen injured.

Police opened fire at the 2,000 rioters, who had attacked them with stones and other weapons and had set fire to buildings and cars.

The rioters had marched from the state mosque, which they had occupied for the previous few days, to the city centre, chanting religious slogans, and protesting against the continued rule by the Christian-dominated Government, which they say is illegally constituted and anti-Islamic.

A 40-year-old Filipino was shot dead, and a 14-year-old Chinese schoolboy was killed by a car.

The rioting was the worst incident of violence since Moslem opposition groups mounted a campaign to dislodge the state government last week. Since the campaign began five people have died.

Mr Haji Maulana, the Sabah police chief, said 30 shops and an equal number of cars were gutted in fires yesterday.

The Moslem agitation is aimed at preventing state elections and provoking the federal government in Kuala Lumpur in to imposing emergency rule.

UAE plans scheme for banks' bad debts

BY KATHY EVANS IN DUBAI

THE United Arab Emirates Government is considering the establishment of a financial entity to take over the country's non-performing bank loans, according to a leading Abu Dhabi banker.

Sultan Nasser al Sweidi, managing director of the Abu Dhabi Commercial Bank, said the private sector was lobbying for the scheme, whereby the Government would buy banks' bad debts and reschedule them over a long period at soft rates of interest.

Private sector indebtedness is a growing political problem for the UAE leaders who, as ruling sheikhs, have a tradition of generosity towards their people. However, the sums involved in bank indebtedness would considerably stretch the financial resources of some of the emirate governments, given the oil price fall and the history of budget deficits.

The idea is believed to have emerged from the committee of senior sheikhs established recently by the Supreme Council of Rulers to study ways to consolidate the economy. It is not clear whether only the local banks would benefit from the scheme, or whether the foreign banks represented in the country would also be able to join.

The idea of a financial "dustbin" is not new, and is being considered by a number of Gulf countries as a way to lessen the impact of bad debts on the banks and local merchants.

So far none have been created, largely because of the amount of government money required.

In the UAE, non-performing loans are generally estimated to be between $2.7bn (£1.8bn) and $3.2bn, or a quarter of the $11.9bn bank credit in the country. Some bankers say as much as 40 per cent of credit is non-performing.

The Abu Dhabi Commercial Bank is likely to be one of the main beneficiaries of such a scheme, local bankers believe. The bank was formed last year following the merger of three banks, two of which were said to be ailing.

Economic crisis 'may draw Syria into war with Israel'

BY ANDREW WHITLEY IN TEL AVIV

SYRIA IS on the brink of an economic crisis which may draw it into a war with Israel, Mr Yitzhak Rabin, the Israeli Defence Minister, warned yesterday. But Syria's leaders were deluding themselves if they thought they could defeat the Israeli army.

Mr Rabin told the Knesset that Syrian foreign exchange reserves were down to the equivalent of 20 days' imports, and that power cuts in major cities were occurring almost daily.

Two bellicose speeches by Syrian President Hafez al-Assad earlier this month, in which he said the Israeli-occupied Golan Heights would one day be at the centre of an enlarged Syria, are being taken seriously by Israeli politicians and military analysts.

Senior officials spoke privately on Tuesday about the worrying implications of the massive Syrian military build-up of the past few years. "It's not a question of if, but when, the Syrians attack," one well-placed official said.

But in recent days government ministers have gone out of their way to calm public fears sparked by Syrian claims that it is approaching its long sought goal of military parity with Israel — and is thus in a position to launch a war on its own.

Western consortium strikes oil in Egyptian waters

BY TONY WALKER IN CAIRO

A CONSORTIUM of Western oil companies, including Total of France and British Petroleum, has made a promising discovery in Egyptian waters adjacent to Israel.

An exploration well completed last month off North Sinai yielded flows of between 5,000 and 10,000 barrels a day.

Other partners in the consortium are Agip of Italy and Elf Aquitaine of France. Drilling took place in about 140 metres of water. There are plans for further exploration.

The North Sinai waters are relatively new territory for oil explorers. If the Total-led consortium has found a commercial prospect, it is likely to encouragefurt her efforts in the area.

BP drilled a well in an adjacent block about the same time as the Total discovery, but it was dry.

In another development, Egypt has announced it is scaling down its planned nuclear programme from eight reactors to four by the year 2005.

The fate of a proposed nuclear power station on the Mediterranean coast near Alexandria is in the balance. Egypt has extended the validity of the bids from February to mid-year, ostensibly to give the contenders an opportunity to improve their offers. But there are indications in Cairo that the project may be shelved.

Philippines cabinet split on form of government

By Samuel Senoren in Manila

PHILIPPINES President Corazon Aquino is facing a major dilemma over what form of Government to adopt in running her debt-ridden nation.

A meeting of cabinet members yesterday to discuss the governmental structure was hopelessly divided on the issue.

However, they agreed to cut petroleum prices by the equivalent of about 2.5 US cents per litre to give industries a breathing spell. This will mean a loss of $140m (£96m) in indirect taxes which Mrs Aquino hopes to recover in direct taxes from revitalised businesses.

Hardliners in the cabinet, led by Mr Jaime Ongpin, Finance Minister, wanted Mrs Aquino to declare a revolutionary government so that she would not be bound by existing constitutional and legal limitations which could hinder efforts to rebuild the economy and improve public service.

But politicians who are members of parliament favoured a structure that would make the government constitutional and recognise parliament.

As a trade-off, parliament, whose members agreed to support Mrs Aquino, would nullify its previous proclamation declaring deposed president Mr Ferdinand Marcos as the winner of the February presidential poll and declare her the victor instead.

Mrs Aquino, palace officials said, is inclined to convene parliament and call a convention later to rewrite the constitution.

Mr Teodoro Locsin, the information minister, said in a statement that Mrs Aquino would announce a decision next week.

Some politicians argued that a declaration of a revolutionary government would give Mr Marcos an excuse to set up a de jure government-in-exile.

Mr Marcos, who fled with his family to the US last month, has remained secluded at the Hickham air base in Hawaii but has been in touch with former officials of his government in Manila.

Australia to act on US air deal

BY PATRICIA NEWBY IN MELBOURNE

AUSTRALIA is to ask the US to renegotiate the 40-year-old air services agreement between the two countries following United Airlines' takeover of Pan Am's Pacific routes.

Qantas, the Australian national carrier, has long felt that it is disadvantaged against US carriers.

Mr Peter Morris, the Australian transport minister, said the arrival of United on Pacific routes last month has made it "timely" to look at correcting the imbalances that have developed in arrangements with the US.

United has already fired its first salvo by more than matching discount fares offered by Qantas for children under 16 travelling to the US.

Mr Morris said the US had much more generous rights to fly via Australia to other countries compared with Australia's rights to offer routes via the US.

The air services agreement was negotiated just after the Second World War. The US has unrestricted landing rights in Australia, which are not reciprocated for Qantas in the US.

The Pacific route accounts for 30 per cent of Qantas business.

As part of its fleet modernisation programme, Qantas has bought a new Boeing 747 jet for $115m.

The latest extended upper deck Jumbo, the fifth of its type in the Qantas fleet, will be used on the "kangaroo run" between Australia and the UK, freeing smaller 747s for use on the rapidly-expanding Pacific route.

Although Qantas has experienced network-wide traffic growth during the past year, the most rapid expansion has been on services to Japan and the US.

From April 1, Qantas will introduce three new weekly services between Australia and Tokyo, increasing the number of seats available on the route by 25 per cent.

If a new air services treaty is reached with the US, Qantas will also be looking to increase services to North America.

● The French champagne house Piper-Heidsieck is considering a joint venture arrangement with the privately-owned South Australian wine company, Thomas Hardy and Sons to produce a new méthode champenoise-style wine in Australia.

Peking faces water rationing

PEKING will have to impose water rationing and close factories if it cannot find new sources of supply by 1988, the China Daily said yesterday, **Reuter reports from Peking.**

The newspaper said waste and overuse of Peking's water since 1949 had lowered its underground water table by 20 meters and dried up half its wells.

It said Peking is one of 180 Chinese cities with water problems

Two large reservoirs in the north of the capital were only 25 per cent full because of drought in Hebei and Shanxi provinces.

The paper urged industry to improve drastically its recycling of waste water. To make a tonne of steel, Chinese factories use more than twice as much water as Western plants. —Reuter

Bombay poor find harsh reality

IN THE minds of millions of poor peasants the streets of Bombay – India's business and movie capital – are paved with gold, **Reuter reports from Bombay.**

But the reality which greets the 500 families a week who flock to this Arabian Sea port is that the pavements are covered with thousands of job-hunters like themselves.

Farmers, labourers, hawkers and drifters pour into Bombay every day undeterred by the prospect of eviction by city authorities and exploitation by underworld gangs.

Overnight, flimsy shelters of plastic and sacking draped over poles spring up on sidewalks and any open land.

Shanties stand alongside foreign banks and five-star hotels. Entire families set up home in concrete water pipes that are waiting to be laid along the main airport road.

Bombay has wealth, it has Hollywood glitter but it does not have land – at least in the right places.

Rents for commercial and residential property on the peninsula which forms the port are as high as those in New York or Tokyo, according to real estate agents.

Property prices have rocketed during the 1980s as India's economy opened up to outside trade.

Newly arrived foreign banks and companies seeking accomodation for staff have given a further twist to the price spiral.

Some owners even prefer to leave their properties empty and avoid problems with tenants, believing they will make a fortune anyway when they sell, the agents said.

Whole apartment blocks stand vacant as city bulldozers flatten huts and police hold back angry squatters under a scheme to evict an estimated 200,000 pavement dwellers.

The city's right-wing council, elected last year, vowed to end the migration which has swollen the population to nearly 9m, making Bombay India's second largest city after Calcutta.

The squatters' fate was sealed last July in a landmark ruling by the Supreme Court which upheld the municipality's right to raze the slums and shift migrants outside the city.

The squatters are placed on land up to 40km (25 miles) outside the city. Inevitably, many drift back,

Marcos documents 'show contributions to US presidents'

BY REGINALD DALE, US EDITOR , IN WASHINGTON

DOCUMENTS brought to the US by the fleeing former President Ferdinand Marcos of the Philippines appear to contain a plan to make contributions to the 1980 election campaigns of both President Ronald Reagan and former President Jimmy Carter, according to Congressional sources and Philippines officials.

Congressional leaders, however, were yesterday doubtful whether the plan had actually been carried out, and the White House denied that Mr Reagan had received any campaign contribution from Mr Marcos. Such payments would be illegal under US law, which prohibits foreigners from contributing to an American election campaign.

The 2,300-odd pages of documents, handed over in Washington to the new Philippines Government on Tuesday, included a single one-page balance sheet showing $50,000 earmarked for the campaigns of both Mr Reagan and Mr Carter, and smaller sums for other politicians, including liberal Democratic Senator Alan Cranston of California, one of Mr Marcos's most outspoken opponents.

Democratic representative Mr Stephen Solarz of New York, the chairman of a house sub-committee investigating Mr Marcos's financial affairs, said that he was "very sceptical" whether the payments had actually been made. "It's very hard for me to believe that President Reagan or President Carter would knowingly accept a contribution that clearly would have been in violation of federal law," he said.

A White House spokesman said: "We presume it's not true, given the screening mechanism of our campaign and screening by the Federal Election Commission. Such a deception would have been detected." US law also prohibits individuals from giving more than $1,000 to a presidential election campaign, and even that is only permissible during the primaries.

The documents also listed kickbacks, or "commissions," paid to top Philippines officials by Japanese and American companies, including $8m by Westinghouse in the award of a nuclear power plant contract, according to Mr Sovito Salonga, the head of the Philippines Government commission investigating Mr Marcos's hidden wealth. Westinghouse has consistently denied any wrongdoing in the affair.

Mr Salonga, who received the documents from the State Department on Tuesday, declined to draw conclusions about possible election contributions. "The trouble with that document is that there is no signature or initial on it," he said.

The list of contributions has been referred to the US Justice Department for further investigation.

US warships exercise near Libya 'death line'

US WARSHIPS led by aircraft carriers began exercises yesterday in the Mediterranean off the north coast of Libya near the disputed waters of the Gulf of Sirte, Reuter reports from Washington.

Mr George Shultz, Secretary of State, and the Defence Department, refused to say whether any ships or aircraft from the Sixth Fleet task force would cross a "line of death" drawn over the mouth of the Gulf by Muammer Gadaffi, Libya's leader.

However, Mr Shultz said America must assert its right to sail in international waters, including the Gulf.

"When we are in international waters, which we have a perfect right to be in, we cannot allow countries arbitrarily to tell us to get out," he said in a television interview.

Col Gadaffi claims the Gulf as part of Libya.

CBS News reported on Tuesday night that the task force, led by the aircraft carriers Saratoga, America and Coral Sea, would send aircraft into Gulf air space.

Two US F-14 aircraft based on carriers shot down two Libyan warplanes that challenged them over the Gulf in 1981.

President Ronald Reagan was reported yesterday to have played down the significance of the exercises.

NYC sells investments linked to S Africa

By Terry Dodsworth in New York

NEW YORK'S largest public employee pension fund is to begin selling investments in companies doing business in South Africa as part of the anti-apartheid policy which has been widely endorsed by the city authorities.

The decision follows a lengthy appraisal of the divestment policy by the trustees of the fund, the New York City Employees retirement system.

They initially voted to divest about 18 months ago, but since then the plans have been held up for an examination of whether they were financially and legally sound.

"This vote sends a clear message that New Yorkers consider apartheid to be a reprehensible system of government which cannot be reformed and must be eradicated," Mayor Ed Koch said after the decision.

New York has been one of the leaders in the widespread move by US cities and public authorities to divest stock in corporations conducting business in South Africa.

According to the Washington-based Investor Responsibility Research Centre, the employee retirement system is the largest fund so far to send a signal to the South Africans,

Under the plan adopted by the trustees, the pension fund will liquidate holdings over a five year period in all companies operating in South Africa except those giving "substantial assistance" in fighting the country's racial separation system.

In the initial phase, however, it will only divest shares worth $150m in companies doing business with the South African military and police, or providing financial services to the Government, or refusing to sign the Sullivan principles

Officials said that the employee system has holdings in 22 companies falling into this category, although they refused to name the specific corporations. Total value of the fund stands at around $11bn, with about $3.3bn invested in stocks, and 900m in 150 US companies active in South Africa.

The Reagan campaign against the Sandinistas is nearing a climax, reports **Reginald Dale**

Rhetoric brings Nicaragua closer to home

HARLINGEN, Texas, is just under 19 miles from the Mexican border. It is also, according to President Ronald Reagan earlier this month, "just two days' drive" from Nicaragua.

The local inhabitants dispute that. From Harlingen, in the southern-most tip of the United States, it is over 2,000 miles by not very good roads to Managua, with plenty of mountains on the way. Experienced lorry drivers take three to four days.

Perhaps somebody pointed this out to Mr Reagan. For on Sunday night, in his nationally televised appeal for military aid for the Nicaraguan Contra rebels, two days' driving time became two hours' flying time.

However it is put, the point is the same. Mr Reagan sees what is happening in Nicaragua as a special kind of threat to the US because the country is on the mainland of America. To some Administration officials, in a sense that makes it even more dangerous than arch-enemy Cuba. An island is at least susceptible to an American naval blockade, as the history of the 1962 Cuban missile crisis demonstrated.

Mr Reagan has never made it a secret that he sees it as one of his historic and personal obligations to halt the rise of communism in Central America. He believes that he is well on the way to doing so in El Salvador. In his Sunday night speech, he stated quite openly that he did not want to leave an uncontained communist threat in Nicaragua to his successor.

On many occasions in the past 10 days, Mr Reagan has tried to place what he appears to regard quite genuinely as his role in history above the realities of Washington politics. Fighting for his plan to give the Contras the modest sums of $100m, of which $70m would be in military aid, he has unashamedly pulled out all the stops. In the eyes of his critics, he has exaggerated the threat out of all proportion.

He has talked as if San Diego in southern California were in imminent danger of invasion by Nicaraguan communists. He has described Nicaragua, with a population of little more than 1 per cent of that of the US, as a Soviet beachhead that will threaten the whole of Central and Latin America, the Panama Canal and the Caribbean sea lanes. He has denounced the ruling Sandinistas as drug runners and terrorists.

At the same time, he has lauded the controversial Contras, frequently accused of atrocities by American human rights organisations, as the purest of white knights. The "freedom fighters," as he prefers to call them, are the equivalent of America's founding fathers, the British fighting the Nazis under Winston Churchill and the French Resistance (he is apparently unaware that large sections of the Maquis were communist).

Mr Reagan's rhetoric has escalated the debate into one of the harshest during the more than five years that he has been in the White House. But there has been hyperbole on both sides. Commentators have helped to raise the temperature by describing it as the bitterest foreign policy argument since Vietnam.

The debate is not in that league. Unlike Vietnam, all the polls show that the American people as a whole are largely unmoved by events in Nicaragua and the plight of the Contras—and a majority are against helping them. Vietnam, however, has been brandished by both sides as they attempt to prove their points in Washington.

To many Democrats, the lesson of Vietnam is that gradual involvement in a Third World conflict will ultimately lead to the dispatch of American troops and the deaths of young Americans in a futile cause.

To the Democrats' outrage, some of Mr Reagan's advisers have tried to turn the issue into a simple question of do you or do you not support communism, "yes or no?" Democratic anger reached fever pitch earlier this month when Mr Patrick Buchanan, the right-wing White House communications director, wrote an article in the Washington Post suggesting that anyone who opposed aid for the Contras must be a supporter of the communist Sandinista regime.

Most leading Democrats have found themselves obliged to agree with the President that there is at least some kind of communist threat in Central America, and quarrel only with his proposed military solution.

Some Democrats have pointed out that the Contras have little hope of victory, even with $100m in American aid.

Few people, however, have drawn attention to the cynicism of a policy which seeks to send young peasants to their deaths only to "put pressure" on the Nicaraguan Government — the administration's avowed aim.

Mr Reagan has not had much luck with some of his arguments in recent days. He has angered Brazil by suggesting that it is endangered by communist guerrillas trained in Nicaragua. He has been accused of using out-of-date opinion polls to claim that the people of Central America support his policy.

Nevertheless, as the debate began in the House of Representatives yesterday, Mr Reagan was thought to be within ten votes of victory in the key vote scheduled for later today. Both Republicans and Democrats agreed that with one final push, he might just make it.

If he does so, it will largely be as a result of arm-twisting, rather than a genuine conversion of the doubters. As Mr Robert Michel, the House minority Republican leader, puts it, "people just don't get cranked up about this. In my district they're worried about jobs and losing their farms. That's the problem out there in the country." By all accounts, not even the inhabitants of Harlingen, Texas are overly exercised about the Sandinistas.

Mexico firm on interest relief

BY DAVID GARDNER IN MEXICO CITY

MEXICO WILL continue to press for interest relief on its $97bn (£65.9bn) foreign debt in the light of the oil market collapse, according to a senior Government official.

The official, who wished not to be named, also confirmed that Mexico would "of course" seek to have the $950m principal payment due at the end of this month rolled over.

This payment, originally to have been a prepayment on Mexico's 1983 "jumbo" $3bn credit renegotiated as part of last year's multi-year rescheduling of $48.7bn, has already been rolled over once following the earthquakes which hit Mexico City in September.

The Mexican Government calculates it will lose about $6bn, or half this year's originally projected oil revenue, as a result of the collapse in international oil prices.

Sacrifices

President Miguel de la Madrid announced on February 21 that Mexico would as a consequence be unable to fully service its normal debt obligations, and that the country's creditors would thus have to make "sacrifices at least equal" to the sacrifices Mexicans had made and would continue to make.

Since this major policy directive, however, Mexican officials have appeared to be back-tracking. The country's new cash requirements for this year have been scaled down to $6bn from estimates originally as high as $10bn, while publicly at least, the emphasis has tended to be on conventional means for raising the money, via new loans from commercial banks and multilateral finance institutions, and the restructuring of over $800m falling due this year with Paris Club creditors.

The senior official nonetheless stated categorically in an interview that Mexico regards some form of mechanism whereby its interest payments are reduced as "essential" in future agreements with its creditors.

Canada to spend C$800m on Nasa space station

BY BERNARD SIMON IN TORONTO

CANADA has agreed to spend C$800m (£394m) over the next 15 years to participate in the multinational manned space station planned by the US National Aeronautics and Space Administration (Nasa).

Mr Frank Oberle, the Minister of State for Science and Technology, said that Canada would provide a 7,500 kg mobile servicing centre for the station, whose functions would include help in constructing the station, picking up satellites for repairs, and general maintenance.

Mr Oberle said that the contribution to the station would form the centrepiece of Canada's space programme.

The main contractor for the service centre will be Spar Aerospace, the Toronto-based company which has supplied a remote manipulator system, known as the Canadarm, for Nasa's space shuttle programme.

The space station will be equipped with movable cranes similar to the Canadarm.

The Canadian service centre is scheduled to be put in orbit by the second space station shuttle flight in early 1993. However, Nasa has not yet reached agreement with the 11-member European space agency on the laboratory which will form Europe's contribution to the station.

Louise Kehoe in San Francisco reports on signs of a breakthrough in a long-running dispute

US and Japan poised for agreement on semiconductors

THE US and Japan appear to be poised to reach an accord on semiconductor trade. After years of angry accusations and nine months of formal negotiations stemming from a US industry trade complaint, there are signs of a breakthrough which could result in a bilateral trade agreement.

On the two major issues—Japanese market access and alleged Japanese dumping—some progress has been made US industry leaders are increasingly optimistic that a settlement can be reached within the next few weeks.

Political pressures are mounting in both countries to resolve the long-running dispute. Japanese officials are eager to settle the matter before Mr Yasuhiro Nakasone, the Prime Minister, visits Washington in mid-April. In the US, the Administration needs to act before a protectionist-minded Congress steals its thunder.

Hanging over the Reagan Administration, meanwhile, is a July deadline for resolving the US industry's trade complaint. By this date, the US Trade Representative must recommend actions to the President. If no agreement is reached, then the White House faces the uncomfortable prospect of having to impose unilateral sanctions against Japan.

The political momentum behind the semiconductor negotiations is itself beginning to worry US industry leaders, who recognise that the need for an *agreement may override the* substance of any settlement.

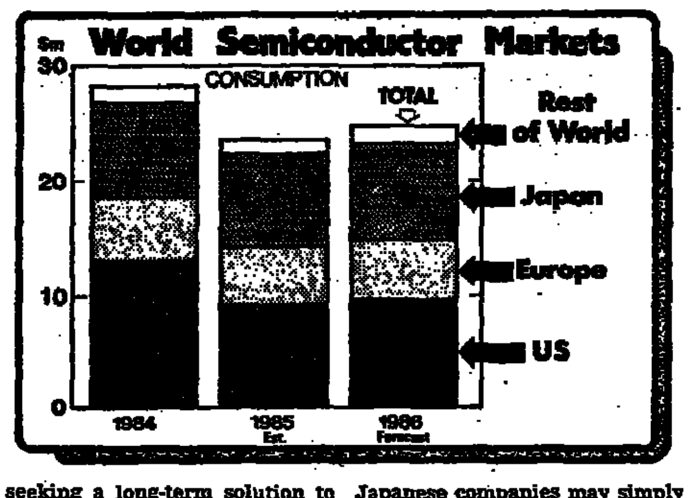
It is also becoming increasingly clear that any agreement between the semiconductor superpowers who together produce more than 90 per cent of *the world's supply of chips*, will have broad and serious consequences for semiconductor, computer and electronic equipment manufacturers and users all over the world.

A significant increase in the price of chips is widely expected. This trend can already be seen in the US market, where Japanese chip makers are moderating their agressively low prices to avoid further charges of "dumping." US manufacturers are taking advantage of the situation to raise their prices and profit margins.

But US trade negotiators are seeking a long-term solution to the dumping issue which goes *beyond the imposition of duties* such as those announced by the Commerce Department last week. The department imposed preliminary duties of 20 per cent to 188 per cent on Japanese memory chips sold in the US.

Dumping duties do not prevent future dumping, US industry representatives say. "The Japanese companies may simply choose to regard the duties as *the 'cost of doing business'* and continue to dump until the US industry is driven out of business," says Mr Michael Gadbaw, legal counsel for the Semiconductor Industry Association, which represents US chip makers' interests.

"Dumping duties are like parking tickets," he suggests. "They really don't stop somebody parking illegally if he can afford to pay the ticket. What we really need is the equivalent of a tow-away zone. That is the only thing that will get the attention of the Japanese."



The US and Japanese negotiators now seem ready to agree that a global price control and monitoring system is needed to *prevent chip makers selling* their products below cost anywhere in the world. The proposed scheme has however raised grave concern in Europe, where it is regarded as an example of US extraterritorial activity.

US computer manufacturers are also unhappy. "We agree that a resolution of the trade *issue is important, that it is in* the best interests of the US electronics industry as a whole . . . but we are sceptical that such *measures will work.*"

IBM, the largest chip purchaser in the world, said that it was against dumping in general, but has "no position" on the Commerce Department rulings. Computer manufacturers are however expected to be more vocal if formal proposals are made.

As the differing interests of *US makers and users of semi*conductor devices begin to emerge publicly, the SIA is struggling to maintain a fragile consensus. If different messages go to the Administration about what the solution should be, that could *bring progress* to a halt, the organisation believes.

US chip makers' demands for greater access to Japanese markets draw support from their customers, many of whom *feel similarly excluded*. Market access is widely regarded as the most important, and yet the most difficult aspect of the trade dispute. The problem for US trade negotiators has been to come up with a proposal that addresses the US industry's concerns but which is politically acceptable.

Promises of market "liberalisation" from the Japanese will not be enough to satisfy the US chip makers. In the past, such trade policy changes in Tokyo have done *nothing to* improve sales. The US chip makers are seeking some form of guaranteed market share in Japan commensurate with their share of other export markets such as Europe.

The problem is how to measure progress, the SIA thinks. Measuring market share implies market control, which is contrary to the free trade policies of the Administration. Formal trade negotiations on *this issue* have resulted in no progress, according to the association.

But at a gathering of US and Japanese industry leaders in Los Angles last weekend, there were "indications of a sincere *effort on the part of* the Japanese to address the market access issue," said Mr Charles Sprock, President of National Semiconductors, a major US chip manufacturer, who took part in the meeting.

The details of the meeting remain a closely guarded secret but it is clear that the industry leaders have succeeded where their Government representatives have so far failed in finding common ground.

"I am encouraged by their sincere efforts to address the issues," said Mr Sprock. "But I will become a believer when I see *results — when our share* of the Japanese market increases."

Channon urges Tokyo to buy abroad

By Nicholas Colchester

JAPANESE INDUSTRY must integrate foreign manufacturers into its purchasing habits, Mr Paul Channon, UK Secretary of State for Trade and Industry, told a luncheon given by the *Japan* Association in London yesterday.

Mr Channon argued that a reduction in Japan's mounting trade surplus would not simply benefit Britain but also Japan, because it would help preserve the world free trading system.

He expressed concern at the increasing number of dumping cases being brought by the European Community against Japan.

He asserted that the Japanese Government could not respond only *with import programmes* and with the lifting of trade barriers, welcome though both were.

There had *to be a funda*mental change in Japan's view of its own role in the world economy.

Japanese take record 10.6% of Europe new car sales

BY JOHN GRIFFITHS

JAPANESE new car sales in Western Europe last year increased at more than twice *the rate* of the market overall, reaching another record market share of 10.6 per cent.

Statistics from analysts *Automotive Industry Data* (AID) are coupled with a warning that "this relentless growth in Japanese penetration, coupled with proposed and actual European assembly plans, means that the problems posed by the Japanese increase almost daily."

They caution that: "The Japanese pose a clear threat to the European *motor industry*, and it will take a co-ordinated European-wide policy before that threat can be lifted."

Japan's car makers sold 1.12m units last year against 1.02m in 1984, when they first breached the psychologically-important 10 per cent penetration barrier with a market share of 10.1 per cent.

The 9.5 per cent increase in unit sales last year compares with a rise of 4.2 per cent in the market overall from *10.1m* to 10.52m units.

Significantly, says AID, one of the strongest performances was put up in West Germany, which the *Japanese* regard as their key European market. It has the strongest and most competitive industry in Europe, as well as imposing no import restraints.

"Small wonder then," says AID, ". . . that they treat their success in Germany as a major victory and use it as a yardstick to measure their competitiveness in the rest of the world."

Last year, Japan's car makers increased West German sales by *9.79 per cent, against a fall in* the country's total sales of 0.61 per cent. Their market share rose to 13.3 per cent from 12.04.

This performance was even more daunting, observes AID, because the Japanese were suffering from the theoretical disadvantage of having few diesel or low-pollution models available when such cars have been enjoying a sales boom.

The increase accelerated in January when unit sales jumped by 37.1 per cent on the *same month* a year ago. "The implication from the West German results is that sizeable market gains are available to the Japanese in most European markets, should they choose to turn on the taps as part of their long-term strategy for Europe."

JAPANESE CAR SALES IN EUROPE

Manufacturer	Year '85	Year '84	% increase
Nissan	298,048	280,263	6.3
Toyota	269,946	224,588	20.2
Mazda	203,045	197,952	2.6
Mitsubishi	113,614	108,952	4.3
Honda	114,004	111,084	2.6
Suzuki	47,986	42,480	13.0
Subaru	39,702	29,949	32.6
Daihatsu	28,781	23,976	20.0
Isuzu	5,320	4,000	33.0
Japanese	1,120,446	1,023,244	9.5

Note : Excluding Greece.

Source: Automotive Industry Data

France and Italy, both of which impose tight unilateral restrictions on Japanese imports, will become major targets when European assembly plants allow the Japanese producers to meet EEC local content requirements, warns AID.

Daihatsu pact with Peking

DAIHATSU MOTOR of Japan has signed an agreement with Peking to provide technology to manufacture its popular Charade car in China. It will be the first Japanese car to be assembled there, Yoko Shibata writes.

*Under the seven-year agree*ment, China's Tianjin Automobile Industrial will produce cars from next November with Japanese technical help.

The company aims to reach annual output of 10,000 units.

Toshiba to invest DM 50m in W German VCR plant

BY PETER BRUCE IN BONN

TOSHIBA, the Japanese electronics group, announced in Bonn yesterday that it planned to invest DM 50m (£12.8m) *over the next three years in a* new plant to build and assemble video recorders in West Germany. The decision probably kills any prospect of Toshiba using their British VCR plant as a source of exports to Europe.

Toshiba said it had found a site near Monchengladbach, near Duesseldorf, the capital of the state of North-Rhine Westphalia which is home to the biggest Japanese community in Europe.

Mr Fumio Ota, a Toshiba main board director and managing director of the group's consumer products division, said VCR production in West Germany would start in March next year.

Initial output would be *around 10,000 units a month*, rising to 30,000. Other division products, including, it is believed, compact disc players, would be added to the plant's output.

Mr Ota said he believed the plant would be turning out products worth DM 330m by 1989. The site had been chosen because of its central *position in Continental Europe*, the market to be served by the new plant.

Toshiba officials were anxious to dampen any fears that the building of a new plant in Europe would threaten the future of the group's VCR assembly plant in Plymouth.

Washington to seek Swedish steel meeting

By David Brown in Stockholm

WASHINGTON plans to request talks with the Swedish Government on a voluntary restraint agreement to cover Swedish *stainless steel exports*.

On Monday, the US steel industry agreed to drop its countervailing duty case against the Swedish exporters on the understanding that talks would be begun soon.

About one third of Sweden's SKr 1.5bn (£130m) annual exports of stainless steel go to the US and it is thought that the *Government would feel com*pelled to enter into bilateral talks because of the strong protectionist sentiment in Congress.

The question is expected to be discussed when US and Swedish trade officials meet next.

US to press Europe over finance for Airbus

BY WILLIAM DULLFORCE IN GENEVA

THE US remains unpersuaded that the launch finance from European governments for two new airliners to be built by Airbus Industrie will be in accordance with international trade agreements, *Mr Bruce* Wilson, assistant US trade representative, said yesterday.

He will discuss in Geneva over the next two days with French, British and West German government representatives *Washington's* charges that their subsidies to Airbus are flouting fair trade practices.

The issue, which threatens to develop into another major trade dispute between the US and the European Community, *blew up after the Reagan* Administration started to review alleged unfair trading by other countries.

The scale of government subsidies to Airbus Industrie, about which Boeing, the US manufacturer, has been complaining, prompted Dr Clayton Yeutter, US Trade Representative, to ask the three European govern*ments for consultations.*

The immediate US interest, however, is the $2.5bn in new money that Airbus is *seeking* to build two airliners, the A-330 and A-340, for the 190s.

The European governments will reply with charges that US civil aircraft manufacturers are subsidised by heavy government payments for researching and developing military aircraft.

They are also expected to provide fuller *information* about Airbus finances in response to US allegations that they are violating the transparency requirements of the General Agreement on Tariffs and Trade (Gatt).

The talks will be informal but the document to which US officials refer as the touchstone for their claims of unfair competition is the 1979 Gatt agreement on trade in civil aircraft, signed by 19 countries, including all those involved in the Airbus dispute.

If agreement could not be reached, Mr Wilson said, the issue would have to be taken *to a higher political level.*

France to ask US for facts on Boeing aid

By David Marsh in Paris

MR MICHEL LAGORCE, the French Transport *Ministry* official representing France at the Geneva talks, is expected to ask the US to "put its cards *on the table*" over government research and development aid given to Boeing to assist the Seattle company's aerospace programmes.

French officials said yesterday that it was not just a question *of finding out* who was more guilty—Europe or the US—in the matter *of* government assistance for the projects. "Everyone has different methods. We need to understand each other's point of view," one official said.

Mr Lagorce, head of the Ministry's civil aviation directorate, will put the French position that aid *for the* European Airbus consortium is in accordance with 1979 Gatt airliner financing accords.

France points out that government funds backing Aérospatiale, the French partner in Airbus, represents repayable advances.

THE MANAGEMENT PAGE: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

Confectionery

Rowntree goes nutritional

Christopher Parkes on a new member of the chocolate bar family

EARLY NEXT month London shoppers and commuters will have a new traffic hazard to cope with. Tangling with the ankle-pecking supermarket trollies and trippers with back-packs, squads of Rowntree Mackintosh reps will be scooting about on roller skates doling out free samples of the company's latest product.

The daftness of the gimmick should not be allowed to cloud the confectionery group's intent. Novo — in appearance a cross between a conventional chocolate snack and a cereal bar — represents a costly venture into a line which does not appear to fit into any clearly-defined product slot.

The bottom half is a mixture of milk chocolate, raisins, crisped rice and cornflakes topped with an upper crust of oats, rice, coconut, sesame seeds, honey and sugars. It will cost 18p for a single bar or 50p for five smaller ones in a single pack.

Clive Snowden, UK marketing director, says the aim is to straddle two important segments: the £850m-a-year chocolate countline market for products like Marathon, Topic, Mars and Rowntree's own Kit Kat, and the £500m trade in chocolate biscuits in which Penguin, Club and the like are sold in packs of five or six.

Snowden sniffs at mentions of "health" foods. Consumers consider conventional cereal bars as "dry, boring and tasteless," he says.

But Novo has some of the look, texture and ingredients of some of these products. This might be considered a disadvantage. But if the sample launch works, it could help to inject some interest and vigour into the sector to the benefit of its longer term future in the total confectionery market.

The UK "nutritional" confectionery market was pioneered by Jordans in 1980, subsequently entered by Quaker, United Biscuits, Adams Foods, BN Biscuits, Allinsons, Tesco and more recently by Mars with its Tracker brand.

Various attempts have been made to popularise the product by making it sweeter and adding other ingredients, but launches have been tentative and sales were still worth only about £13m at retail prices last year, according to estimates by KAE, the product development and marketing consultancy.

Commenting on the UK market, KAE notes "granola bars, while not a fad product . . . will remain a speciality market until the products deliver a comparable level of enjoyment to the average confectionery bar."

If events in the US market are anything to go by, Rowntree may have found a product with potential. The original crunchy granola cereal bar quickly carved out a small niche for itself after General Mills took up the marketing challenge in the US about 10 years ago. But within five years it was apparent that the product was stuck in its niche, appealing mainly to health freaks.

Manufacturers began to fudge the issue, adding chocolate chips, marshmallow and other ingredients common in ordinary candy bars. Quaker completed the metamorphosis in 1984 when it introduced chocolate-coated granola Dipps. Since 1980 sales of granola bars in the US have increased three-fold, topping $400m last year.

The additions to the original have attracted new eaters among the ordinary public, while the more health-conscious have been convinced or talked themselves into believing that since the cereal and nut fillings are suitably fibrous and nutritious, they can allow themselves the luxury of a little chocolate.

Wherever it lands up in the market, Rowntree is giving Novo a generous send-off, with what Snowden describes as the company's biggest-ever launch. It is plunging straight into the 22m population London TV area next month with an initial budget which allows £500,000 for television, Press and radio advertising. Unusually, it is allowing a similar amount for below-the-line activities, including the giveaways.

This level of spending is equivalent to a £6m national product launch, Snowden claims.

With an eye on the mounting pressure on supermarket shelf space, Rowntree has already persuaded all the major multiple retailers to stock the new line. "They have said they will find space for it," says Snowden. "If we can create a quick response among consumers then that is good for our relationship with these key accounts."

An unusual product. Novo demands unusual treatment, and the company hopes to create the necessary quick response partly by distributing 500,000 free samples. The promotion will also include a £25,000 prize competition, 5p-off coupons and vouchers for samples published in Options magazine and the Ms London and Girl About Town publications distributed free at railway and underground stations.

By comparison, Eclipse, Rowntree's last new product, crept into the market. It was launched last autumn without any advertising when it went on sale exclusively in Woolworths.

The target date for rolling out Novo on national markets depends on initial sales. "If things go well we may have to make a case for converting new plant," he says. "Then, with a following wind we might hope to cover the whole country by the end of next year."

A still from the TV campaign for Rowntree's new Novo bar

The science of budgeting

SETTING advertising budgets remains for many companies a haphazard rule of thumb affair. Often it is one of the last budgets to be set and the first to be slashed.

Companies with a balance sheet mentality that treat advertising simply as a cost and pay no attention to its possible effect on sales volume are selling themselves short, according to Andrew Roberts, executive director, marketing services, of ad agency D'Arcy Masius Benton & Bowles.

At an Advertising Association seminar last week, Roberts, in a paper on setting advertising budgets,* warned financial managers and accountants of the dire consequences — especially on products selling on differentiation (ie better products at premium prices) of what he calls planning blight.

Companies which set their budgets this way run the risk, as Roberts sees it, of a spiral of decay. It works like this. Faced with a sales downturn, the knee-jerk reaction is often to cut the advertising budget while at the same time operating a price promotion to the trade—often the quickest way to move boxes. Over time that leads to erosion of the brand's market share as the consumer begins to think the product is no better or different from any other. Lower pricing then becomes essential to sustain sales volume and given the structure of the retail trade in the UK, many retailers would force manufacturers to do that. Profitability goes down and consequently the company seeks a cost reduction programme. That may lead to reductions in specification or the service of the product so the absolute value to the consumer is undermined.

Now it is possible to take a more scientific approach—though no one pretends it to be an exact science—and with the help of new technology attempt to justify advertising expenditure by estimating its effectiveness. The prerequisite is good data, and lots of it. And the means is econometric modelling (the application of mathematics and statistical techniques to economic problems), giving budget setters the chance to set more scientific forecasts, based on an understanding of the total trading environment.

The most precise data is available to mail order operatives. However, manufacturers of fast moving packaged goods frequently have excellent consumer sales information in the form of shop audits.

It is important, says Roberts, to distinguish between the short-term effects of advertising, which can be directly measured, and the longer term effects, built up over many years, which can be inferred. Econometric analysis, he says, has shown that the effects of advertising are not necessarily immediately apparent, but are detectable for anything up to a year.

This afterburn effect raises further questions. Does advertising, for instance, affect brands in other ways, such as price sensitivity. After econometric analysis of some 22 different products in different markets (all packaged goods) he found evidence to suggest that it does.

He divided the products into four categories: unique (no direct competitor), brands with a distinct difference (eg confectionery goods), me-too brands (those with strong own-label competition) and commodity brands (tea, evaporated milk). The results, he says, suggest a strong indication that the more unique a brand is and the less substitutable it is, the lower its price sensitivity (ie, price increases cause small losses in volumes).

So, if the role of advertising is to differentiate, goes the Roberts argument, it is likely that another longer term benefit is to reduce a brand's price sensitivity and so allow manufacturers to sell at premium prices. Thus in a strategic sense, advertising can be seen as building added value into a brand.

Setting Advertising Budgets by Andrew Roberts is available from the Advertising Association, Abford House, 15 Wilton Road, London SW1 1NJ or from DMB&B, St James Square, London SW1.

Feona McEwan

Market research

Focusing on finance

Antony Thorncroft on a growing preoccupation with investors

IT IS taking the financial institutions in the UK a long time to discover the joys of market research. The Big Bang has persuaded a few of the more enterprising City firms to commission research, but the Association of Market Survey Organisations (whose 30 members account for over 70 per cent of the £200m invested in research last year in the UK) still estimates that only 4.5 per cent of its revenue comes from the financial sector. However, it has grown from 3.5 per cent in 1984.

Together with such subjects as the research behind the launch of the British Broadcasting Corporation's popular Eastenders series, the contribution of research to the Big Bang was among the topics discussed at the annual conference of the Market Research Society at Brighton last week, most notably in a paper given by Lionel Gordon of Gordon Simmons Research Group. This research company had persuaded seven leading stockbrokers to finance a study into the needs and attitudes of the private investor. Right from the start it indicated how stockbrokers view the private investor—someone with liquid assets above £20,000. Below that level stockbrokers quickly lose interest.

Until recently, the private investor market had been in steady and unregretted decline, with share holdings by individuals falling from 54 per cent of the total in 1963 to nearer 20 per cent. The private investors that remain are upper income, older and single, mainly widows; indeed, around a quarter of all personal shareholdings are in the hands of single females and widows. The total market for stockbrokers insisting on a £25,000 minimum stake is probably around 1m investors.

To be known to the public, stockbrokers must maintain a high profile by forecasting economic trends. Phillips & Drew was known by 87 per cent of stockbroker users, and 68 per cent of non-users, followed by Capel-Cure Myers and Cazenove, both with a 77 per cent awareness among users. Among non-users there is a great ignorance about the identity of stockbrokers which inhibits potential investors from getting into the system.

Gordon Simmons's research suggested that there was much less enthusiasm among potential investors for buying shares in the UK than there was in the US, and it does not expect share ownership to approach US levels, even if stockbrokers take more interest in the private sector. New investors can probably be attracted by the High Street retailing of stocks and shares but these will capture the £10,000 investor, who is not a high priority. The research company's basic advice was that there are many different investor types, with differing requirements. Each segment needs special services, pricing and promotional strategy.

Because it is a relatively new area for research some of the most interesting case studies at Brighton revolved around financial affairs. The Committee of London and Scottish Clearing Banks, with Burke Research Services, proved to their own satisfaction, after carrying out experiments in Aberdeen, that the public was ready for electronic credit card shopping. Usage in supermarkets and especially petrol stations was higher than anticipated, and EFTPOS, "Electronic Funds Transfer at Point of Sale," will be apparent nationally by 1988.

Ebullient

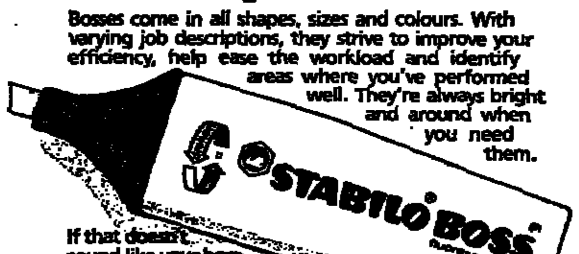
Other papers revealed how Barclays, with MAS Survey Research, evolved the Barclays Businessloan aimed at small businesses, and how the Royal Bank of Scotland and Williams and Glyn sold their £15bn merger to their customers. While the financial institutions have discovered market research, market research companies are discovering the City. Millward Brown joined the USM last autumn, and MORI is about to. Other research companies with their sights on a listing are NOP, MIL and BJM.

This year's Market Research Conference was particularly ebullient, probably because the industry has enjoyed a decade of almost unchecked growth. The top brass of the research companies no longer come to Brighton, perhaps because there are fewer clients attending to "mind," but there can be few professions which hold such significant annual get-togethers. There is the fair at which research companies "retail" their latest services; there is the "head hunting" which takes place at the many social gatherings; there are the esoteric papers which excite the few fanatics, like "The application of projective tests to psychographic analysis of markets" (by Bill Schlackman), to the popular papers covering such hot issues as the research which lay behind the launch of the BBC's successful soap Eastenders.

Eastenders was very thoroughly tested by BBC Broadcasting Research because its success, and that of another programme, Wogan, launched at the same time, was vital to the corporation. It was being knocked for six by ITV in the early evening. While ITV's audience grew from 6.4m at 5 pm to 15.1m by 8 pm, that of the BBC increased from 5m at 5 to only 7.9m at 8. Action was needed to redress the balance, and a "soap," something the BBC had a poor record in, was the obvious answer.

The location and the characters were intensively researched. The favoured location with the public was Manchester (shades of ITV's Coronation Street), but producer Julia Smith was keen on London, and the East End, and the fact that this was a popular second choice was enough. More daunting perhaps was the lack of enthusiasm generally for a twice weekly BBC soap. Eastenders had its problems after it was launched in February 1985; the audience declined in five weeks from 11m to 8m. Research found that the public considered it drab, too serious, and too full of conflict.

Adjustments were made and the audience began to climb. All along it had done well on the appreciation scales, and presumably the good opinions of its addicts persuaded more people to watch. In two months its audience grew from 9m to 13m, a remarkable achievement, and its appreciation averaged 80. More to the point Eastenders, together with Wogan, has succeeded in closing ITV's early evening audience advantage from about 20 per cent to less than 10 per cent.



TECHNOLOGY

Bernard Simon, in Toronto, examines how North American mines are making the most of their mineral deposits.

Squeezing more gold from them thar hills

MINING COMPANIES around the world are seeking to expand the applications of an extraction process which has revolutionised North American gold mining in the past five years.

Known as "heap leaching," the process has enabled mines to overcome high labour costs and avoid the expense of building a conventional mill, thus enabling them to exploit profitably very low-grade deposits.

Heap leaching at about two dozen mines already accounts for one-third of US gold output, compared with less than 5 per cent at the end of the 1970s. Mr Robert Friedland, chairman of Vancouver-based Galactic Resources, which is on the point of opening a 120,000-ounces-a-year heap leach operation in Southern Colorado, forecasts that over half of US gold production will be heap leached by the end of the decade. Galactic's new mine will cost a modest US$40m, about a third cheaper than a normal underground operation.

The growing interest among large, established companies in heap leaching is reflected in the opening this year of mines owned by Consolidated Gold Fields and Newmont Mining.

Echo Bay Mines of Edmonton and two partners are examining the feasibility of at least doubling the capacity of their Round Mountain Mine in Central Nevada. Round Mountain is already the world's largest heap leaching operation with expected 1986 output of 160,000 ounces.

The heap leaching process consists of spraying a solvent—normally a sodium cyanide solution — over large piles of broken gold-bearing ore placed on impermeable asphalt or plastic pads. The solution, applied through an overhead sprinkler system, percolates through the ore, disolving the gold (and sometimes silver too). The "pregnant" solution is then pumped to a recovery plant where the gold is removed either by absorption on activated carbon or the more traditional zinc precipitation method.

Over half of US gold output will be from heap leach production by the end of the decade

Although recovery rates are considerably lower than milling, heap leaching justifies the construction of mines with ore grades as low as 0.02 ounces of gold per ton, which is about one-tenth of the gold content required for conventional North American gold mines. Galactic's Summitville Mine, with an average grade of 0.047 ounces per ton, will break even at gold prices well below US$150 an ounce, less than half present market levels. Simple as it sounds, heap leaching can be a tricky business. Success depends on the porosity and oxygen content of rock being mined ,the fineness to which ore is crushed and even the weather.

The process works best on well-oxidised, fractured ores found near the surface in dry, temperate climates. The presence of other metals, such as copper or zinc, may require the ore to be "roasted" before it can be leached.

Some heap leach mines at high altitudes in the US suspend operations during the winter. Unsuitable weather conditions have discouraged the use of the technique in other countries, including Canada.

The US construction group Bechtel is currently breaking new ground by designing a heap leach operation for waste dumps at a British Columbia copper mine owned by Gibraltar Mines, a subsidiary of Placer Development of Vancouver. A solvent extraction plant at the mine is due to be commissioned in October. According to Placer, Gibraltar is the coldest site at which heap leaching has been attempted throughout the year. Some heat will be generated by the chemical reaction caused by the leaching solution.

Placer may also erect a heap leaching pad at one of two gold mines it is considering building in Papua New Guinea, although the company stresses that the viability of the projects will depend on conventional milling techniques.

A few small heap leach projects have been launched in Australia. North American mining officials also see opportunities to use the process in Mexico and South America. South African mining companies have expressed interest in heap leaching as a means of recovering the traces of gold still left in tailings dumps.

Cuts in labour and construction costs mean lower-grade ores can now be exploited profitably

On the other hand, Placer rejected heap leaching at its large new Kidston Mine in Queensland, Australia .Although the climate appeared suitable, there were other problems, including the ore's high sulphide content (which consumes the cyanide solution) and the fine crushing that would be needed for acceptable recovery rates.

Conversely, tailings on South African mine dumps are generally considered too fine for the solution to percolate through. Existing heap leach mines are trying to refine the process with the aim of achieving improved and more consistent results, cutting costs and increasing recoverable reserves.

Pegasus Gold of Vancouver is building an unusually large ore heap at its new mine at Florida Canyon, Nevada. The "super-pad," with a diameter of 3,000 ft, will eventually hold up to 17m tons of ore to a height of 60 ft.

Pegasus is also one of a handful of mines installing conveyor stacking systems to replace the trucks normally used to load ore on the pads.

The possible expansion of Echo Bay's Round Mountain property has also opened new horizons for heap leaching. Operations at Round Mountain have up to now centred on early volcanic rock which is close to the surface, heavily fractured and oxidised, in other words well-suited for leaching.

On the basis of metallurgical tests completed last year, Echo Bay is confident that the technique can be applied to gold found at greater depths in pumice. These tests have enabled the company to quadruple Round Mountain's exploitable reserves to 176m tons.

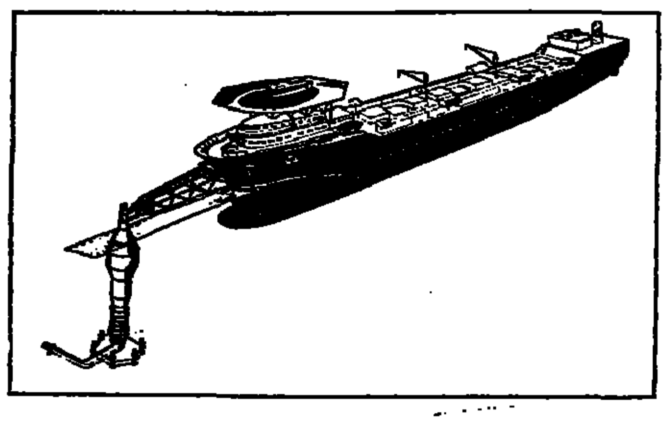
Gas injection for sinking sea bed

BY FAY GJTSTER IN OSLO

THE PARTNERS of Norway's Ekofisk Field, where the sea bed is sinking as a result of reservoir compaction, are considering a novel project to solve the problem. This involves the injection of nitrogen into the reservoir as a method of slowing or stopping the sinking process.

Over the longer term, the sea bed subsidence is a threat to the safety of the field's installations.

Past nitrogen injection schemes have envisaged putting the nitrogen plant either onshore or on a platform in the field. Now a Norwegian firm, Maritime Protection, is proposing to instal on board a purpose-built ship a nitrogen plant based on membrane separation of air, with the gas being piped to an injection platform via a single leg mooring buoy (see illustration).



Martime Protection has been working in co-operation with Norsky Hydro, which, as well as being a partner in the Ekofisk Field, is itself an important producer of industrial gas, particularly nitrogen.

An advantage claimed for the mobile plant is that it could be built quickly—within three years—and relatively cheaply.

A 52,000 ton dw ship with a plant able to supply 600m standard cubic feet per day, plus the buoy and pipeline, would cost an estimated NKr 4bn. The gas would cost NKr 0.15 per normal cubic metre, based on operation for 8,000 hours per year. At an exchange rate of NKr 7 to the dollar this gives a dollar price of 0.54 per 1,000 standard cubic feet, exclusive of capital costs.

Maritime Protection, which recently became a subsidiary of Permea Inc, a member of the US Mansanto group, claims to have been the first company in the world to supply nitrogen plants, based on membrane separation, for inert gas systems on board ships.

Maritime Protection has that its proposed ship would not necessarily have to be built by an oil company requiring the nitrogen. It could be built, owned and operated by an independent firm, which would sell the gas where it was needed, at a fixed price per cubic metre.

New generation of high-powered lasers

"WHEN you bring a lot of energy to bear on a target, you get surprises. It's a whole new area of physics," remarked a senior US psysicist at the Los Alamos National Laboratory in New Mexico.

Los Alamos is collaborating with two British laboratories to explore this new physics of stellar pressures and temperatures, as a spinoff from a British scientific programme in laser development that serves university scientists.

The physics is of immense military, as well as scientific, interest, and the US Government may fund a British scheme to build one of the world's most brilliant lasers for further Anglo-US collaborative research. This would cost about £10m.

Since midsummer 1984, scientists from Los Alamos and Britain's Atomic Weapons Research Establishment, Aldermaston, have been using a laser called Sprite to study how powerful pulses of laser radiation may damage strategic targets. When intense bursts of energy strike a target, the effects can be explosive. They lie at the heart of the novel speed-of-light weapons proposed for defence against missiles.

Sprite is a demonstration of a new laser principle discovered in Cambridge in the mid-1970s. The excimer laser, as it is called, is a pulsed laser of much higher efficiency than the high-powered glass lasers: theoretically as high as 10 per cent.

Sprite was developed by the central laser facility of the Science and Engineering Research Council (SERC), at its Rutherford Appleton Laboratory at Chilton near Oxford. The facility consists of a family of powerful lasers available for experiments by about 150 scientists spread throughout British universities.

Dr Mike Key, the director, spends about £3m a year to maintain this service, which span a wide spectrum of research from "flash" photography of living cells to novel ways of making micro-electronics.

For example, SERC and the Industry Department are jointly supporting research with Sprite which could give the British semiconductor industry a head start in making a new generation of silicon chips, using ultra-violet laser lithography to reproduce the complex sub-micron-sized structures.

Sprite is a kind of chemical reactor, in which a new kind of chemistry involving inert gases, such as krypton, is harnessed. The inert gases do not normally combine chemically with other elements. In the excimer laser they are persuaded to combine briefly into such compounds as krypton fluoride by a gigantic bolt of electricity.

In Sprite, this reaction takes place in a steel vessel with a "window" of titanium foil through which a burst of electrons at about half-a-million volts and half-a-million amps can be blasted. The reaction unleashes a bolt of ultraviolet laser radiation.

As Dr Key comments, the excimer laser is a very robust kind of laser compared with the fragile glass lasers such as Vulcan, his biggest facility, with six beams now available for simultaneous experiments. Sprite is "less like optics, more like engineering," he says. SERC has been funding the development of the excimer laser since 1980, in parallel with the development of Vulcan, as a major new scientific tool pioneered by Britain.

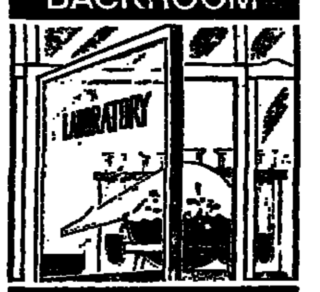
Their progress attracted attention at Los Alamos, long associated with high-powered laser development. In Anteres it claims to have the world's biggest laser, an infrared instrument built of modules each the size of an American locomotive. Physicists spent over £60m on Anteres, before finding they needed a much shorter wavelength of radiation to pump energy efficiently into a target.

Sprite offered a more promising wavelength, deep in the ultraviolet, close to X-rays. In March 1984, Los Alamos and Aldermaston hired Sprite for a joint series of experiments exploring the physics of striking a target with 100-joule pulses of finely-focused radiation.

A second series was mounted in July last year. Between them, the two series were worth about £50,000 to the Rutherford Laboratory.

These experiments have contributed vitally to the design of a new Los Alamos laser, called

OUT OF THE BACKROOM



By David Fishlock

Aurora, the Americans say. They claim Aurora will be the world's biggest krypton fluoride laser when it is ready this summer. It may put 50 times as much energy into the target as Sprite.

But Sprite's unique features—such as its very short pulse, fine focusing, and its ability to fire 20 or more "shots" a day—are still valuable.

A new and much bigger series of joint experiments, worth about £1m to the central laser facility, has just been agreed. They will be funded under the US Strategic Defence Initiative (SDI), by the research programme concerned with lethality and target hardening.

A similar series is also planned by the same three collaborators using another facility at the Rutherford Laboratory. Called Isis, which I discussed in this column last month, this series will explore the physics of proton beam impacts on targets.

More ambitiously, however, scientists at the central laser facility led by Mike Shaw and Fergus O'Neill have put forward proposals for a new laser for "target-shooting." Called Supersprite, this would consist of ten modules of the Sprite laser, and would be more than ten times as powerful. It would be a dedicated facility, tailored to SDI requirements and costing an estimated £10m to build. It would be by far the facility's biggest laser yet.

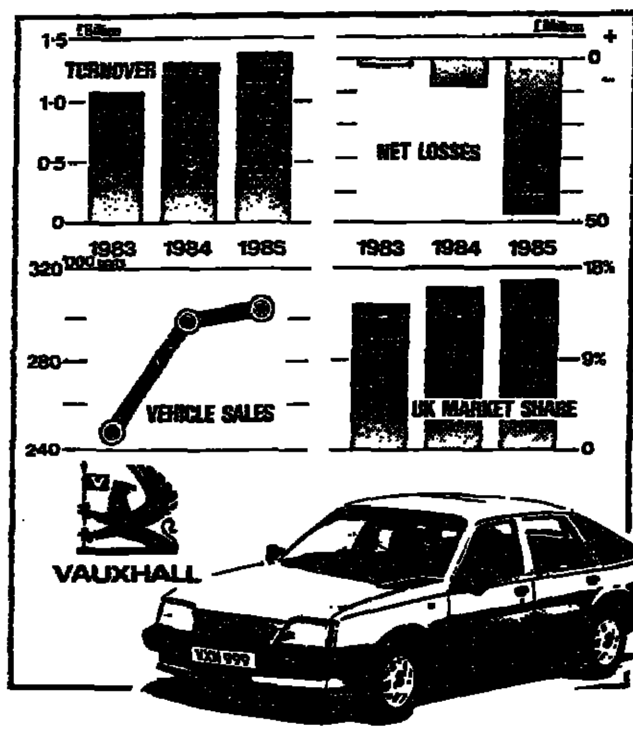
The Rutherford Laboratory has wide experience in building major tools and facilities for science, not only in Britain. It is just finishing a £10m radiotelescope in Hawaii, the James Clerk Maxwell, for an Anglo-Dutch research programme.

Supersprite appears to have enthusiastic support from SDI senior management, including Gerold Yonas, chief scientist, who visited the Rutherford Laboratory recently. "The Rutherford has a very good name in the SDI office," comments the senior Aldermaston scientists coordinating the British end of laser target shooting.

For the Rutherford, a contract to design and build Supersprite means Britain's participation in the engineering of a new generation of lasers.

Kenneth Gooding assesses GM's mixed fortunes in Britain

Vauxhall pays price of success



MR JOHN BAGSHAW, who rejoined Vauxhall Motors as chairman only five weeks ago, yesterday rushed to defend General Motors' UK subsidiary against accusations that it has been blatantly buying market share in Britain.

The allegations flared up again because Vauxhall astounded the UK motor industry on Tuesday with the news that, in spite of achieving record new car sales and market share in Britain, its net loss soared from £9.4m to an unprecedented £47.4m.

Since 1981 Vauxhall has doubled its new car market share in the UK and Mr Bagshaw suggests that it is a victim of its own success. "Our major competitors have car production capacity in place and Ford and Austin Rover have been under pressure to do whatever they can to use as much of that capacity as possible."

So extra bonuses and bigger discounts for dealers have become widely used by the manufacturers to give dealers more room for manoeuvre to "move the metal." Mr Bagshaw insists, however, that Vauxhall has only followed its competitors and never set the pace in the discount war.

For example, in 1984 Ford gave its dealers extra incentives of roughly £130 a car and Austin Rover £112 a car. GM spent £90 a car. Mr Bagshaw says the 1985 figures are confidential but Vauxhall had to follow the two main competitors and move its special support up to £110 a car.

The pace has not slackened in 1986. Mr Bagshaw says he lost a major deal with a rental company that buys 6,000 to 7,000 cars a year which has been offered discounts of nearly 50 per cent on list prices by Vauxhall's rivals. "We simply walked away from that deal. There is nowhere else in the world where that kind of discount is given."

Dealers confirm Mr Bagshaw's view. Mr Jim Bacchus, managing director of Jessups, which has both Ford and Vauxhall franchises, says: "Vauxhall is always following, rather than leading with extra incentives. For example, currently Ford is much more active in providing up-front money to its dealers to give them more room to deal."

Even if Vauxhall has not led the way with extra discounts and incentives, the higher-than-expected marketing costs contributed greatly to last year's financial disaster.

Other factors played their part. Vauxhall imports many built-up cars and components from West Germany and the rise in the value of the D-Mark from DM 4 to the pound in July to DM 3.5 in December had a severely adverse impact on the results.

"Every car we import at the moment is an embarrassment to us with the D-Mark where it is," Mr Bagshaw maintains.

However, in line with promises it made recently to the British Government, Vauxhall is on course to achieve an average 80 per cent UK content for all British-made vehicles and to build 85 per cent of all cars sold in the UK at its British factories.

In the past few months Vauxhall has switched the supply of about £20m a year of materials and components from continental European sources to British, so that it is gradually becoming less reliant on West German suppliers.

The other main problem Vauxhall faced last year was that it did not get the scheduled output from its factory at Ellesmere Port on Merseyside which has been revamped at the cost of £50m (borrowed in Britain) to assemble the new Astra.

Mr Bagshaw says that this was in no way the fault of the 5,000 shop-floor employees. Serious problems with the computer software used by the highly automated equipment and deficiencies in the plant lay-out were to blame.

In the event, Ellesmere Port, which was staffed to produce 29 cars an hour, produced only 25 an hour. For the past few months the factory has been turning out cars at 29 an hour and that will be a great benefit to 1986 financial results.

Mr Bagshaw, an ebullient Australian who was formerly marketing director, is given much credit for transforming the company from an also-ran to the position where it is challenging Austin Rover for second place in the UK car market. He admits, however, that a big job remains to be done to turn Vauxhall around, and that it is too early to forecast when Vauxhall might return to profit.

Peugeot Talbot to export cars from UK

BY JOHN GRIFFITHS

PEUGEOT TALBOT, the French Peugeot group's UK subsidiary, is to produce fully assembled cars for export for the first time in 10 years.

Production of lefthand-drive Peugeot 309s at a rate of 250 a week, will begin in September for sale in the Netherlands and Belgium.

The decision, announced yesterday, will make Peugeot Talbot the only one of the "big three" foreign-owned manufacturers in the UK to be selling cars abroad.

Vauxhall, the General Motors subsidiary, was the last of the two US-owned multinationals to persist with car exports of the Chevette. These were abandoned in 1981. However, Ford and Vauxhall's sister company Bedford export vans from the UK.

The last complete cars sold overseas from Peugeot Talbot's plants were Hillman Avengers, exports of which ceased in 1976. At the time, the company was known as Chrysler (UK) and formed part of the US carmaker's European operations. Subsequently, these were sold to the Peugeot group.

Yesterday's decision will involve an increase in 309 model production at the company's plant at Ryton, near Coventry, from a weekly rate of just under 1,000 to 1,155. The higher output level will start in June as Peugeot Talbot has decided to build extra cars to meet the demand expected during the UK's traditional car sales boom in August.

The company said that a decision by its French parent was expected "within the next few months" on whether Ryton would share in production of the D60, a medium-sized saloon to be launched next year.

Mr Geoffrey Whalen, Peugeot Talbot's managing director, said the 309 decision was "just the boost we wanted." He attributed it to major productivity and efficiency improvements at the UK plants.

Principal production of the 309 is at Peugeot's Poissy plant, which is running at full capacity of 5,000 a week. The 309 is also to be built at Villaverde, Spain, from the end of this year, but for the domestic market only.

UK NEWS

Tim Dickson calculates an unorthodox index

Royals ring in bull markets

AN UNAMBIGUOUS "buy" message was flashed to the London stock market yesterday when Buckingham Palace officially announced the engagement of Prince Andrew, the Queen's second son, to Miss Sarah Ferguson.

Gilts and equities both rose sharply in hectic trading with the FT Ordinary share index 14.9 points higher at a record 1,389.5 and long-dated gilts in some cases 2¾ points better at the close.

There were those who attributed the latest jumps to lower interest rates and the confident budget statement from the Chancellor of the Exchequer on Tuesday. But the real reason for the new burst of buying lies in the bullish signals coming from the authoritative Financial Times Royal Weddings and Engagements Index (FinWed for short).

Comprising 10 wedding constituents and nine engagements (the latter compiled with the help of Debrett's Peerage and Princess Alice, who kindly volunteered the date of the announcement of her engagement to Prince Henry), the index includes a couple of well-known "extra blue" chips (Princess Elizabeth/Philip Mountbatten and Prince Charles/Lady Diana Spencer), a number of ordinary blue chips (mostly sisters and cousins of the present Queen) and a "stock" which was only temporarily listed on the main market (the Duke of Windsor, or Edward VIII as he was previously, and Mrs Simpson).

Investors' current optimism is based on a close study of the index, notably the six-month period immediately after ceremonies. This shows that the FT Index ended at a higher level in the case of six out of the nine engagements and six of the 10 weddings.

The stock market, for example, was 12 points up at 112.4 six months after the engagement of Prince Henry to Lady Alice Montagu Douglas-Scott in August 1935 (shortly after the birth of the FT Index). Investors showed their approval of the plans of Prince Richard of Gloucester to marry Miss Birgitte van Deurs in 1972 by pushing the index up 29 points to 524.4 during the period under review; and they welcomed the news of Prince Charles' engagement in February 1981 with a 64.5 per cent rise over the subsequent six months.

Princess Margaret, Princess Alexandra and the Duke of Kent, of course, provided a strong underpinning to the steady bull market of the 1960s (though initially the Duke of Kent displeased the market).

Events on the trading floor yesterday suggested that news of the FinWed index had already leaked out into the market.

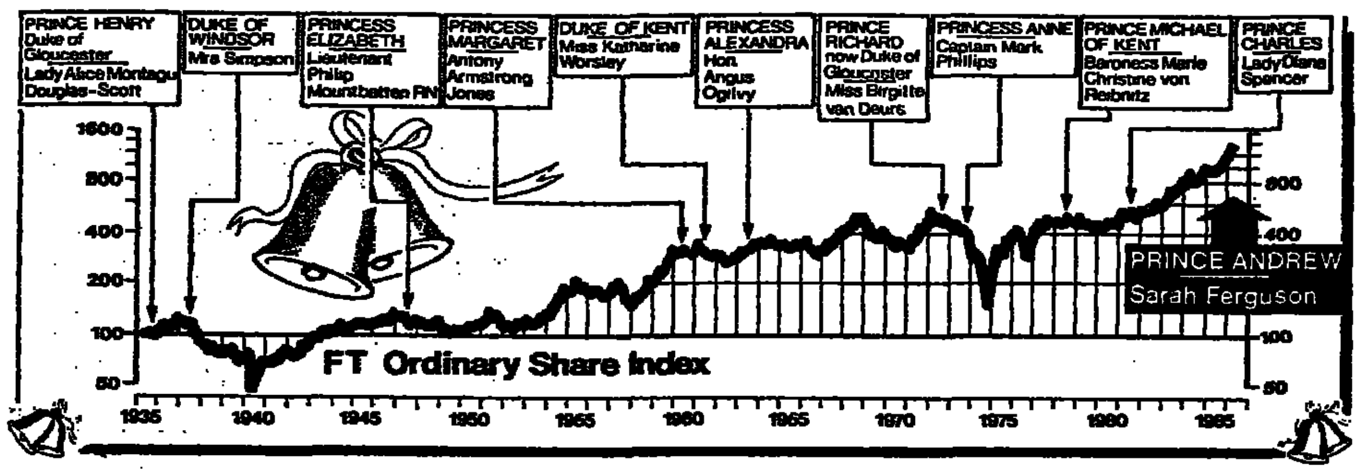
Jobbers pointed out, for example, that some of the biggest gains were chalked up in gilt-edged securities, where the key players are often blue-blooded members of the aristocracy and (in some cases) relatives of the Queen.

Some stockbrokers were keen to highlight those individual shares (known as "Fergies") which are likely to benefit from the expected royal wedding euphoria. Mr Tony Richards, a partner in Quilter Goodison, cited hotels, breweries, champagne importers and leisure companies generally as among those which should reap higher profits.

"Coming on top of all the other good news, Mrs Thatcher's speech over the weekend and the Chancellor's confident message on Tuesday, I think the royal wedding could well keep the ball rolling," he added in what was clearly an oblique reference to the FinWed index theory.

Over at the City of London offices of the stockbroking firm Simon and Coates, at least one doubter yesterday was pinning his hopes on a different set of chart signals. Mr Gavyn Davies, the firm's respected chief economist, said that he had been looking at the correlation between stock market performance and those years in which Southampton football club had reached the semi-final of the FA Cup.

"The team has done so, of course, in 1986 and it has happened 10 times in all," he explained. "In recent memory the achievement in 1976 and 1984 coincided with strong markets."



Sites shortlisted for new power plants

BY MAURICE SAMUELSON

THE ELECTRICITY industry yesterday named five possible sites for new coal-fired power stations to replace existing capacity.

Two of them – at West Burton and Hams Hall – are close to Midland coalfields. The other three: at Marchwood, near Southampton; Kingsnorth on the Thames; and Killingholme on Humberside; are all coastal sites which could operate on imported coal.

The sites were named by the Central Electricity Generating Board (CEGB) to the House of Commons select committee for energy, which is conducting an inquiry into the future of the coal industry. The CEGB's list gives priority to the sites in the south of England because that is where its generating capacity is most deficient.

In a memorandum to the committee which has aroused strong fears among mining unions, the CEGB has claimed that it was possible to raise imports to 30m tonnes a year. This would help its coal bill to be reduced by £550m a year, or 14 per cent, because of the difference between average world prices and those of the National Coal Board (NCB).

It claims that the average price of NCB coal last October to the CEGB was just over £43 a tonne, compared with a world price for similar quality coal of less than £28 a tonne.

Appearing before the committee with senior colleagues, Lord Marshall, CEGB chairman, said the difference, which had grown since last October, represented a "hidden subsidy" to the NCB by electricity consumers on top of that provided by the Government and which appeared in the NCB's accounts.

Public Works Loan Board rates

Effective March 19

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
1	—	—	10½	—	—	11⅛
Over 1 up to 2	10¾	10¾	10¾	11½	11½	11½
Over 2 up to 3	10¾	10¾	10¾	11¼	11¼	11
Over 3 up to 4	10¾	10¾	10¾	11¼	11¼	10⅞
Over 4 up to 5	10¾	10¾	10¾	11¼	11¼	10⅞
Over 5 up to 6	10¾	10¾	10	10¾	10¾	10¾
Over 6 up to 7	10¾	10¾	10	10¾	10¾	10¾
Over 7 up to 8	10¾	10¾	10	10¾	10¾	10¾
Over 8 up to 9	10¾	10¾	10	10¾	10¾	10¾
Over 9 up to 10	10¾	10	9¾	10¾	10¾	10⅝
Over 10 up to 15	10	9¾	9¾	10¾	10¾	10½
Over 15 up to 25	9¾	9¾	9¾	10¾	10¾	10½
Over 25	9¾	9¾	9¾	10¾	10	10

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

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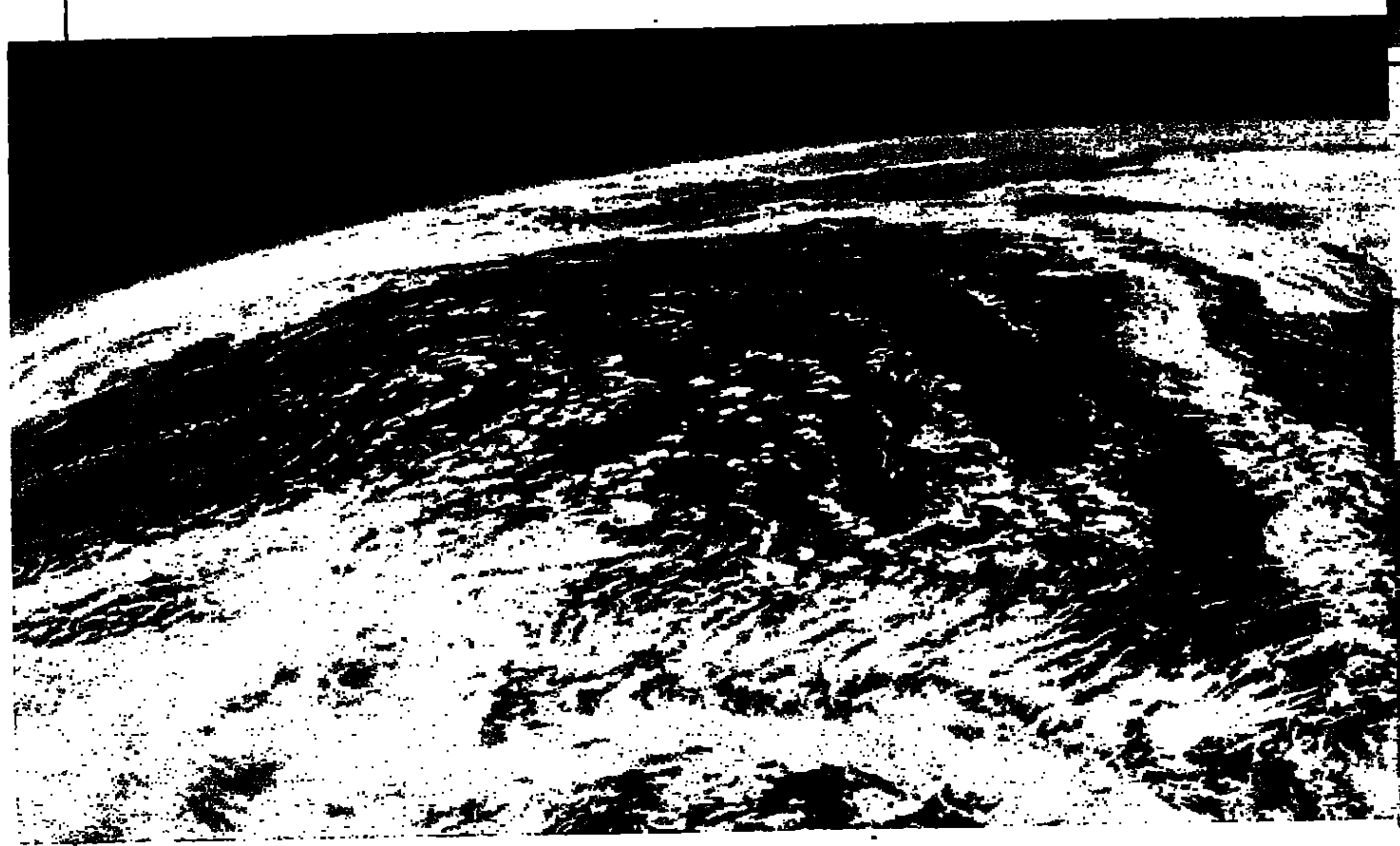

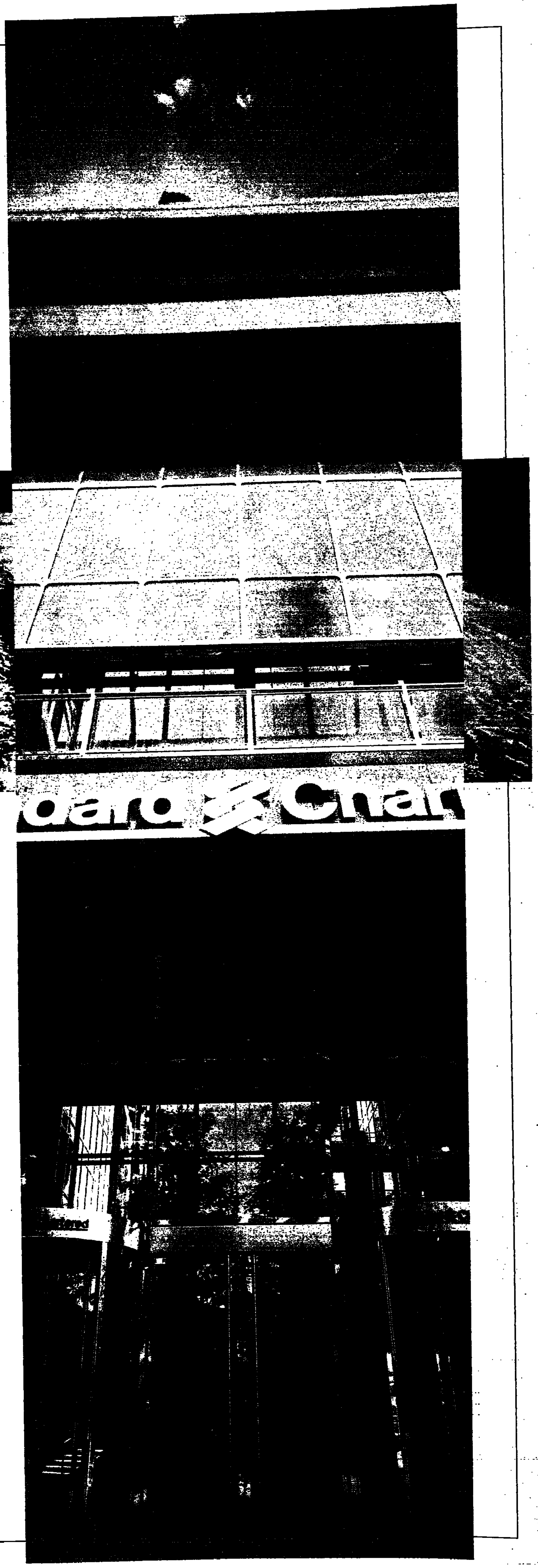

The new headquarters of Standard Chartered Bank, officially opened today, is a striking building by any standards.

Built around a central atrium, it has already found favour with many who generally see little virtue in modern architecture.

But it is very much more than an attractive new building in the City. Because it is also the nerve centre of a network of more than 2,000 branches in over 60 countries – a network, in fact, which can offer a service across the entire 197 million square miles of the earth.

With roots in many of those countries which go back over a hundred years, we understand better than most the benefits to our customers of a bank which can handle both ends of a business transaction.

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Takeover Panel moves to enforce bid rules

BY DAVID GOODHART

THE CITY of London Takeover Panel yesterday cracked down on the increased use of coded messages by companies in takeover battles to circumvent the panel's strict rules on information disclosure.

It decided to make an example of Guinness, which is engaged in a fierce battle with Argyll, the food and supermarkets group, for control of the Distillers whisky company. The panel, after a complaint from Argyll, has asked Guinness to clarify a statement made on February 20 which carried an implicit profits forecast.

Rule 28 of the Takeover Code requires that all profit forecasts made in connection with an offer are reported on by the relevant auditors or consultant accountants and financial adviser. However, at a press conference on February 20, a Guinness spokesman said: "Although we are not making a profit forecast, we anticipate, on the basis of public information, that the earnings per share of the merged entity (Guinness-Distillers) in 1986 will be at least as great as the earnings per share of Guinness on its own would have been and that there will be no dilution."

The panel has decided that, despite the denial, this does amount to a profit forecast for the purpose of Rule 28. It is thus demanding that it is supported by the relevant auditors and advisers or withdrawn.

The panel also stressed that all public statements on dilution – common during bids – which carry implicit profit forecasts should be more explicit. It said that the period of uncertainty since February 20 relating to the Guinness forecast was unfair to other parties in the takeover.

Guinness has agreed to publish a formal endorsement of its statement when it publishes its next document, probably next week. Its 1985 earnings per share were 25.3p up from 20p the previous year.

The panel also drew attention to the more general point, encoded in Rule 19, that: "Officials of companies are warned that they must consider carefully the code implications of what they say when talking to journalists ... Particular areas of sensitivity on which comment should be avoided include future profits and prospects, asset values and the likelihood of the revision of an offer."

Wages still rising faster than inflation

By George Graham

AVERAGE EARNINGS in the UK continue to increase faster than the rate of inflation, according to figures published yesterday by the Department of Employment. The underlying rate of increase in January remained at 7½ per cent, the same level as for the last year.

The Department said average earnings in the UK were increasing at around twice the rate of its competitors. In West Germany the rate was 4.2 per cent and in the US 3.9 per cent. Only Italy among the *main industrial competitors* had a higher rate of increase.

The number of jobs in UK manufacturing industry continues to fall. Employees in manufacturing fell by 7,000 in January, making a total of 84,000 job losses in 12 months. Employment in the energy and water supply industries fell by 10,000 as a result of the coal industry's contraction. This sector has lost 39,000 jobs in a year.

Mr Nigel Lawson, the Chancellor of the Exchequer, said in his budget statement this week that the present pay round was showing little sign of any significant change in the level of pay settlements, or in the underlying rate of growth of average earnings in the private sector. However, the Treasury is hoping for a slight slowdown in earnings growth in the second half of this year.

Yesterday's figures showed the seasonally adjusted index of earnings rising to 179.2, an increase of 0.6 per cent from the previous month, and 8.3 per cent up on January 1984. The underlying rate of increase is lower, the Department of Employment said, because the unadjusted figures still show the effects of the coal strike.

Profits sharing idea may be put to the test

By Peter Riddell, Political Editor

MR NIGEL LAWSON, Chancellor of the Exchequer, is considering using the forum of the tripartite National Economic Development Council for consultations over his proposals for an increased element of profit sharing in a more flexible system of employee remuneration.

His view is that there must be clear evidence of a likely broadly based acceptance rather than merely interest from a few financial bodies where remuneration already varied considerably from year to year. If the proposal does attract sufficient interest then a consultative document would be issued with the possibility of legislation next year.

The basic idea is that to reduce current rigidities within the labour market which lead to redundancies, it might be desirable to move to a system where a significant proportion of an employee's remuneration depends directly on the company's profitability. To get this idea off the ground there might have to be some temporary tax relief to employees concerned.

The House of Commons debate on the budget yesterday remained generally low key, with Mr Roy Hattersley, the shadow Chancellor, outlining the details of Labour's near £7bn plan to cut unemployment, and to provide additional help for pensioners families and the poor.

Senior Ministers believe that the budget will be hard to attack in view of yesterday's fall in interest rates and their hope that the level of unemployment will flatten out, and possibly fall, over the coming year.

Mr John MacGregor, Chief Secretary to the Treasury, discussed at length a choice between cutting the basic rate of income tax by 1p and a further increase in income tax thresholds. He said the 1p cut was not intended to mean that changes in the basic rate were better than increases in thresholds.

Reaction and analysis, Page 14

Labour leaders back shift in union laws

BY PHILIP BASSETT, LABOUR EDITOR

LABOUR PARTY leaders will next week urge the Trades Union Congress (TUC) to accept a shift away from the UK's traditional system of trade union law, based on immunities from civil proceedings, towards positive rights – including the right to strike.

The move, which has the firm support of Mr Neil Kinnock, Labour's leader, comes after a special TUC conference yesterday on what kind of employment legislation the unions would like to see under a future Labour government.

Next week at a meeting of the TUC-Labour Party liaison committee Mr Kinnock will support a confidential document which proposes the establishment by a future Labour government of some positive rights in addition to traditional immunities.

Central to it is that the right to strike should be enshrined in British law for the first time. Though withdrawing labour is often spoken of as a right, strikes have no legal standing. They are merely actions which a series of laws have protected, to a greater or lesser degree, depending on which party is in power.

Mr Kinnock's proposal may present the unions with a problem. It may carry with the offer of a legal right to strike definite obligations under the law, such as pre-strike balloting. Although yesterday's conference showed that some unions are in favour of such ballots, many are not and might baulk at such an obligation.

Mr Norman Willis, TUC general secretary, said he was "absolutely convinced" that the unions and the party would reach agreement on a blend of traditional legal immunities and positive legal rights. Unions under a Labour government would have no automatic line to power.

Barclays acquires Visa operation from Chase

BY MICHAEL CASSELL

BARCLAYS Bank has stepped up its assault on the $40bn-a-year international travellers' cheque market by acquiring the Visa Travelers Cheque operations of Chase Manhattan Corporation.

The deal, at an undisclosed price, will boost Barclays' share of the world travellers' cheque market from just over 9 per cent to about 14 per cent, making it the third largest issuer in its own right.

American Express dominates the highly competitive market with an estimated 40 per cent share. The banks operating under the Visa travellers' cheque and credit card umbrella have an estimated 18 per cent between them. Within that, the Chase deal will give Barclays, already the largest single issuer of Visa cheques in the world with 50 per cent of the total, a 75 per cent share.

The market's other principal competitor is Thomas Cook, with about 15 per cent of total international business.

In the US, Barclays' share of the Visa market will rise from about 44 per cent to around 85 per cent, giving it an estimated 12 per cent of the total US travellers' cheque market.

Chase Manhattan approached Barclays to ask if it was interested in acquiring the business, after apparently deciding that it was not prepared to make the substantial financial or manpower commitment required to expand the business further.

Ebullient Chancellor scoffs at strategy's critics

Philip Stephens hears Nigel Lawson's bullish view of the economy

MR NIGEL LAWSON, Chancellor of the Exchequer, was in characteristically ebullient form yesterday as the City greeted his Budget with a one point cut in interest rates. In between jibes at the journalists who had totally misread his intentions and "foolish" oil companies who were threatening to put up petrol prices, he held out the prospect of still lower borrowing costs in coming months.

Most of the criticisms of his Budget strategy were "claptrap," the outlook for the economy was the best for a generation, and the Government had a 25p basic rate of tax firmly in its sights.

Towards the City economists who were yesterday using the Treasury's own model of the economy to try to retrace its steps in projecting the outlook for growth and inflation he was particularly scathing. "Anyone who just feeds data into a model and believes what comes out is an idiot," he scoffed.

The Chancellor was less inclined to answer some of the more difficult questions left open after Tuesday's Budget and unwilling to give any hostage to fortune on key issues such as unemployment and the European Monetary System.

The balance of advantage had tipped further towards full membership of the EMS but it was impossible to say whether the Government would take sterling in to the exchange rate mechanism in the lifetime of this parliament.

Sterling's status as a petro-currency had been significantly diminished by the collapse of the oil price but it was still there, threatening to push the pound in the opposite direction to other European currencies if prices continued to gyrate.

The Chancellor did not quite dispel the view widely held in Whitehall that it is Mrs Thatcher and not he who is still against membership.

That question was answered with the straightest bat he could play.

On unemployment Mr Lawson was keen to stress that Britain's problem was not that much worse than that of other major industrial countries. When making comparisons, however, he prefers to use the European Community average instead of the broader Organisation of Economic Co-operation and Development figure which includes the relatively new rates for Japan and the US.

The outlook for the jobless here was the best for some time, he said, but the Treasury was not in the game of putting a specific forecast to that expectation.

On interest rates he was keen to hold out both the carrot and the stick which have recently characterised his approach to the Confederation of British Industry.

Borrowing costs should fall in parallel with declining inflation and lower interest rates abroad but whether British rates would drop to levels comparable to those of major competitors depended on factors outside his control.

The Government, he insisted, would not waver from its determination to beat inflation even if that meant higher interest rates.

"The outlook for inflation certainly does suggest that interest rates might come down . . . but if monetary conditions require I shall not hesitate to raise them," he said.

The message was one that the Chancellor has been trying to get across for the last three years. High interest rates would be needed to squeeze out inflation as long as British earnings, and crucially, unit wage costs were rising much faster than those of its competitors.

Unfortunately the T reasury Unfortunately the Treasury's forecast for the economy, published along with the Budget, projects a slight increase in the pace of growth of unit costs this year to an annual 4½ per cent, from 4 per cent in 1985.

Eventually, Mr Lawson's plans to promote profit-sharing in British industry to help overcome the rigidities of the labour market might help. But that "is a very long term thing. I don't expect any quick results," he says.

The timescale for a 25p basic rate of income tax is also quite hazy. The Chancellor said he sincerely hopes that it will not take another six years to cut the rate from 29p, but then finds speculation of a 4p cut next year "an extraordinary idea."

Sh when? "I don't know. It is impossible to say. It's a matter of how soon the scope arises in the context of the Medium Term Financial Strategy."

The betting in Whitehall is that some of that scope will come before a general election, due at the latest in June 1988—or two Budget's time.

Nigel Lawson: "Outlook for jobless best for some time."

Money for tax cuts from non-oil revenues

By George Graham

AFTER TAX cuts of £1bn despite a shortfall of £6bn in oil tax revenues, City analysts were ready yesterday to comb through Mr Nigel Lawson's arithmetic to find out where the money was coming from.

They did not have to look far. The money to pay for the tax cuts all comes from the much more buoyant non-oil tax revenues he forecasts in the coming year.

Income tax revenue is expected to rise by more than £3bn or 8.7 per cent; without the 1p cut in the basic rate of income tax the projected increase would be 11.5 per cent. A rise is predicted for non-oil corporation tax of £1bn or 11.9 per cent and for expenditure taxes such as VAT of £5.3bn or 9.4 per cent.

The City's immediate reaction was relief that the Chancellor had not decided to step up Government borrowing in order to finance the tax cuts. Although several analysts voiced their concern that next year's Public Sector Borrowing Requirement of £7bn could not be met, the figures were made much more credible by the better than expected figures for last month's PSBR announced shortly before Mr Lawson stood up in the House of Commons on Tuesday.

Many of the City's stockbroker economists—dismissed by the Treasury as "Young Turks," "teenage scribblers" or simply "idiots"—are more cautious on the prospects for economic growth that sustain these buoyant revenue forecasts.

Where the Treasury is predicting GDP growth of 3 per cent in 1986, leading brokers Phillips and Drew and Simon and Coates expect only 2.4 per cent. James Capel, another brokers, is far more cautious than the Chancellor on the outlook for exports and fixed investment—both figures have been revised up to 5 per cent growth by the Treasury—and sees overall GDP growth at only 2 per cent.

The same caution is shown on the prospects for trade. Phillips and Drew, James Capel, Laurie Milbank and Capel-Cure Myers are all forecasting a drop in the UK's current account surplus from its 1985 level of £3bn, where the Treasury expects a rise to £3.5bn.

Simon and Coates, however, agrees with the Treasury current account forecast while Hoare Govett and Rowe and Pitman expect a surplus of £3.9bn to £4bn.

For inflation, the Treasury forecast is in the middle of the range expected by the stockholders. It expects the year on year rate of increase in the Retail Price Index to drop to 3.5 per cent by the fourth quarter of this year.

Mr Gavyn Davies, chief economist at Simon and Coates, said: "The Treasury's forecast on inflation looks realistic. It has not changed since the Autumn Statement because the impact of lower oil prices is offset by lower sterling."

Mr Roger Bootle, chief economist at Lloyds Merchant Bank, feels the forecast may be too conservative. "We feel that inflation will be within a whisker of 3 per cent by late spring and will more or less hold that level over the year."

At Phillips and Drew, however, Mr Bill Martin sees inflation at about 4 per cent by the end of 1986 rising to 5 per cent by the end of 1987. "The pick-up we foresee in the inflation rate next year stems from the 6 per cent advance in unit wage costs, economy-wide, over the foreseeable future."

So do the sums add up? A slight majority of the stockbrokers' economists feels Mr Lawson will be able to keep broadly to his announced PSBR target of £7bn in spite of the tax cuts he announced on Tuesday, but there is some scepticism about his public spending figures. Phillips and Drew and James Capel both believe the eventual PSBR for the 1986-87 financial year is likely to be £1bn higher.

Mr Keith Skeoch, Capel's chief economist, warns: "An overshoot on the PSBR in 1986-1987 will also make Nigel Lawson's life even more difficult in the 1987 Budget as it could easily wipe out the £2bn of pre-election tax cuts contained in the 1986 version of the Medium-Term Financial Strategy."

Even with a PSBR target lower than originally expected, Mr Lawson's economic package still involves expansion through the increase in asset sales from £2.6bn in the current financial year to £4.7bn next year.

"The Chancellor has been able to emerge from the last year with his PSBR forecast unscathed," says Mr Davies of Simon & Coates, "but privatisation has made the PSBR a garbage statistic anyway. Much more important is the rise of almost £3bn in the public sector financial deficit which has been disguised by extra privatisation, and which Mr Lawson still seems keen to bury in small print.

"Basically, without admitting it, the Government has now accepted the argument for reacting to lower oil revenues by raising public borrowing."

Ministers welcome plans to aid long-term jobless

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

MINISTERS are confident that the employment measures announced in the Budget will begin to reverse the upward trend in long-term unemployment later this year.

Lord Young, the Employment Secretary, said yesterday that the package of proposals represented a revolution in the way in which the Government Jobcentres would work, and in the type of help offered to the long-term unemployed.

Political concern about the 1.3m who have been out of work for more than a year is increasing because of fears that even if overall unemployment begins to decline the long-term unemployed may still be left without jobs. The Government is, therefore, supporting a one-to-one approach to improve their skills and motivation and make them more attractive to employers.

Under the new Restart programme everyone out of work for a year or more will be entitled to an interview at the local Jobcentre, and where necessary to basic training in job-seeking skills. Jobstart allowances of £20 a week will be available to long-term unemployed people for six months if they take jobs paying less than £80 a week.

In January unemployment in nine areas where the scheme has been tried out on a pilot basis fell by about 1 per cent, compared with a slight national rise. The reasons for this are uncertain, but are likely to have included the extra help given to the long-term unemployed plus the possibility that some individuals, supposedly unemployed long-term, who were actually working stopped claiming benefits.

This evidence encourages ministers to believe that the problem can be attacked by the Budget measures. If the fall in unemployment in the nine pilot areas had been repeated throughout the country it would have meant a 30,000 drop in jobless figures.

The measures are the Department of Employment's response to the Commons Employment Select Committee, which recently called for a £3.3bn job creation programme to help reduce long-term unemployment.

Ministers believe that the Restart scheme is more likely to lead to real jobs, and is, therefore, better than offering temporary employment on schemes.

"This approach combines being cheaper for the taxpayer and more effective for the unemployed," said Mr Kenneth Clarke, Paymaster-General and Employment spokesman in the Commons.

The Manpower Services Commission's employment division staff will increase from 5,000 to 10,000 to cope with the interviewing programme, which will take about a year to complete.

Out of more than 10,000 interviews in the pilot areas only 121 applications were received for the £20-a-week Jobstart allowance. But Lord Young believes this will increase now that the scheme is a national one and greater publicity is given to the existence of the allowance.

The young unemployed are most likely to be priced into work by the allowance. Older unemployed people with families sometimes see little point in taking jobs which pay little more than benefit levels.

Another measure, the New Workers' Scheme, is also aimed at young people. This will pay subsidies of £15 a week to employers who recruit 18 and 19-year-olds at less than £55 a week, and 20-year-olds at less than £65.

Ministers hope this will increase the chances of employers retaining young people in employment at the end of the new two-year YTS, which begins next month.

"This means that we now have a three-year package for young people," said Lord Young. Employers were being offered remarkable financial incentives over three years to recruit young people.

Lord Young and his colleagues have never made any secret of their belief that relatively high youth pay rates are a factor in employers' reluctance to recruit young people.

A combination of two-year YTS and the New Workers' Scheme means that the Government has introduced a three-year scale of pay grades for young people taken on under the schemes — £27.60; £35; and £55.

If YTS becomes the normal route to work for school-leavers, and the New Workers' Scheme proves popular, ministers will have succeeded, albeit by the use of subsidies, in introducing a system of lower youth pay akin to the West German model.

Luce hails support for arts

BY ANTONY THORNCROFT

THE TAX incentives in the Budget to encourage companies and individuals to support the arts financially were hailed as "a landmark" yesterday by Mr Richard Luce, Minister for the Arts, who personally pressed the Treasury to accept the changes.

It has always been the present Government's policy to build up private and corporate sponsorship of the arts to balance its own funding through the Arts Council. The measures announced, which allow companies to claim back corporation tax on up to 3 per cent of their dividends given to an arts organisation and employees of participating employers to obtain tax relief on donations up to £100 a year, could add up to £10m a year for the funding of the arts.

Mr Luce put the changes in the context of past measures which have reduced personal taxation and lowered the period of covenanted money for the arts from seven years to four. He drew attention to two additional measures announced on Tuesday—abolition of the £10,000 upper limit on personal covenants to the arts and the acceptance of payments towards capital arts projects for corporate tax relief.

The overall policy of the Government is to "provide the framework" for the long-term financing of the arts from the private sector. Its own cash contribution will not increase in real terms. In the immediate future most of the new revenue will come from companies.

The Association for Business Sponsorship of the Arts will attempt to persuade its 150 or so corporate members to spend up to the 3 per cent limit on the arts. This will take over from covenanting as the most popular way of supporting the arts—under covenants the contributor could not receive publicity; under the new scheme there will be a substantial promotional pay off.

In the last decade corporate sponsorship of the arts has grown from £600,000 to £20m a year. The association will also urge all its members to encourage their employees to donate £100 to their favourite arts organisation.

Mr Luce said yesterday he expected the £100 limit would be raised in the future. He also said it was only administrative problems which excluded the self-employed from the scheme, if they wanted to help arts bodies they could still covenant money.

It will be up to the theatres, orchestras and arts centres to decide whether they wanted to offer privileges to individual donors. It will be up to the Arts Council to ensure that the Government does not use the Government as an excuse to reduce its own funding of the arts.

All in all it enables the arts bodies in the UK to compete for additional funding from individuals and companies. This task will be made easier by the removal of VAT from display advertising for educational and fund-raising purposes. Advertising of future events is already a reclaimable business activity.

Warm reception for personal equity plans

By Eric Short

THE investment market has welcomed the concept of personal equity plans, already known as PEPs, announced in the Budget to encourage wider share ownership.

However, there is widespread disagreement on concern over the cost to the investor of using PEPs for UK equity investment and whether the scheme in its envisaged form is financially institution offering PEPs.

The scheme will allow individuals to invest up to £2,400 a year directly into equities quoted on the Stock Exchange or dealt in on the Unlisted Securities Market.

PEPs will operate in a highly tax efficient manner, with dividends rolled up and switch of holdings all free of tax if kept within the plan. Only authorised institutions will be able to market PEPs, but their role is essentially that of administrators, advisers and possibly salesmen. The investment management will ultimately be the responsibility of the individual.

Thus on the face of it, PEPs would appear to be aimed at bringing the small investor back to the stock market. But the institutions fear that this will not be the case. These fears are based on two features.

With such small amounts involved, the investor with PEPs will not, at least initially, be able to get a wide spread of holdings. Thus his investment will have a high risk element. Secondly, charges will be high in relation to the amount invested, especially if the investor actively switches his holdings.

The Unit Trust Association's response summed up this guarded welcome.

While applauding the principle, the UTA claims that PEPs will be very expensive to operate and contain a high risk element and it is telling the Chancellor just that. It wants the scope of the scheme to be extended so that authorised unit trusts will be a permitted investment or else management groups will be allowed to set up special unit trusts investing solely in the permitted assets that will operate as a PEP. This will provide the necessary spread of risk at lower unit costs—the principle behind unit trusts generally.

These high charges are likely to deter the marketing of PEPs to the small investor. Mr Fred Carr, of Capel Cure Myers, sees PEPs as being very difficult to make a profit under and sees the managers being little more than paper factories.

The life companies' general reaction is one of wait and see. But Mr Alan Duggin, managing director of Crown Financial Management, is enthusiastic over the potential of PEPs. Life companies have the marketing outlets for PEPs. But Mr Duggin sees PEPs as just part of a product range offered by companies like himself.

No investor, he claims, should be sold PEPs, with its narrow equity base, for the first £2,400 of investment. It should be sold on top of building society, unit trust and regular savings life plans.

Company structures likely to change to meet proposals

BY CLIVE WOLMAN

THE BUDGET proposals for the introduction of tax incentives to encourage individuals to own directly UK equities are likely to lead to big changes in the way companies are structured and financed.

The proportion of shares that will be held through the personal equity plans (PEPs) proposed by the Chancellor is likely to be high after a few years. At the very least, existing shareholders can be expected to make maximum use of the provisions by switching part of the share portfolios into PEPs.

A married couple will be able to switch shares worth £4,800 each year into PEPs, a figure which may be raised in line with inflation. After five years they will be able to switch £24,000 of equities into their plans and to re-invest their dividends free of tax.

At present, about 25 per cent of UK equities are owned directly by individuals. Five years after the introduction of the scheme next January, it is likely that three-quarters of those shares will be held through PEPs. Only the most lethargic, ill-advised or largest shareholders will continue holding substantial portfolios in the traditional way, as this would make their returns liable to income and capital gains tax.

In addition, the PEPs should attract new investors into UK equities. The success of the privatisation issues, particularly British Telecom, and employee share schemes in widening share ownership has helped create the right climate for a reversal of a 30-year trend away from the individual shareholder. UK companies themselves may do more to encourage individual investors to take stakes, particularly as they have a record of greater loyalty to existing management in takeover battles.

Investment trusts, such as Foreign and Colonial, Globe and the Scottish American Investment company, have already taken steps to make their annual reports more accessible to individuals and to facilitate the buying of their shares and re-investment of dividends.

It is not yet certain that investment trusts will qualify as recipients of PEP money as the Government is determined that nothing should dilute the principle of direct share ownership —and unit trusts have been excluded. However, industrial companies may be tempted to example in promoting their individual investor relations. So far, the growing threat of takeover bids in the past year has encouraged managers to cultivate their relationships with institutional rather than individual shareholders.

As a result of these changes, after five years, it is likely that at least 25 per cent of UK equities will be held through PEPs. Although it is widely assumed that individual shareholders have little influence on company managers, such a shift in the ownership of equities could have an important effect on corporate financing decisions.

Individuals owning shares through PEPs will be able to reclaim the 29 per cent Advance Corporation Tax that a company pays on its dividends—and the company can offset that ACT against its mainstream corporation tax which is charged on profits at a rate of 35 per cent. Thus a company which distributes all its taxable profits (excluding overseas income) as dividends would pay only 6 per cent (35 minus 29) mainstream corporation. If all its shareholders were non-taxpayers who could reclaim the ACT, only 6 per cent of its profits would end up in the coffers of the Inland Revenue.

There is already a large and growing group of non-taxpaying shareholders, the pension funds (and insured pension plans). They own nearly 40 per cent of UK equities. Charities make up another small non-taxpaying group. Thus in five years, nearly two-thirds of all UK equities are likely to be owned by non-taxpayers.

The reclaiming of ACT by the managers of PEPs will mean a large reduction in the corporation tax yield to the Government, probably about £500m per year when the schemes are mature.

Of greater significance is that such a large body of non-taxpaying shareholders will encourage company managers to distribute a higher proportion of their profits as dividends to reduce their company's and their shareholders' tax liability. At present less than 40 per cent of historic cost pre-tax profits are distributed.

The share price of a company will act as a signal for encouraging higher distributions. High pay-out ratios and dividend yields will add to the attractions of a company to both PEP investors and pension funds. Its shares will consequently be rated more highly. Managers, who increasingly see their job security tied to their company's share price, will not be able to ignore this factor.

Shell and BP refuse to absorb duty rise

By Max Wilkinson, Resources Editor

TWO OF the big oil companies, Shell and BP, decided yesterday to ignore the Chancellor's Budget advice to absorb the 7½p per gallon increase in petrol duties announced on Tuesday.

The companies said prices would go up on Saturday when they expect to have exhausted present stocks on which they have already paid duty at a lower rate.

However, Mr Nigel Lawson came back strongly yesterday, accusing the companies of being "foolish" and "silly" to raise prices.

At a news conference at No 11 Downing Street, the Chancellor said: "I think it is pretty clear, after what has happened in the oil market and the degree of competition at the pumps, that if they are to put up prices they will come down later. Therefore, it seems rather foolish to put up the price in the first place."

BP Oil said pump prices would rise from Saturday. It added: "We have to do this because we have just come out of a period of heavy losses."

Mr Bob Reid, chairman of Shell UK, said last year oil companies passed on the Budget increase without objection from the Treasury, although the pump price was then 204p a gallon. It seemed odd, therefore, that they should be ticked off this year for doing the same thing when the price was around 174p a gallon.

Oil companies were still working their way through stocks of higher-priced oil, which the Government had obliged the companies to keep. These stocks were equal to almost three months' worth of consumption. The actual price paid for oil going into refineries was therefore considerably more than the present price on spot markets.

Mr Reid said that in the first quarter of the year, Shell would do little more than break even because it would have to absorb a loss of around £100m in the value of its oil stocks.

He said the Government "take" was 61 per cent of the pump price. The oil companies wanted to make a reasonable profit out of the rest to keep up downstream investment.

Nevertheless, it seems to be tacitly admitted in the industry that competition in the marketplace will continue to drive petrol prices down provided that the price of crude stays at around current levels.

Esso, the third of the "big three" in the UK with about 20 per cent of the petrol market, said yesterday it was still considering how to react to the duty increase.

Shipping industry attack

THE GOVERNMENT'S failure in the Budget to face up to its responsibilities for ensuring the survival of the British shipping industry was condemned yesterday by Sir Brian Shaw, president of the General Council of British Shipping.

In a speech to the Command Seminar at Trinity House in the presence of the Duke of Edinburgh, Sir Brian emphasised the disastrous impact of the Government's withdrawal in 1984 of the favourable regime for tax depreciation which had been the mainstay of the British shipping industry's ability to compete

Sir Brian forecast what might happen to the UK-owned and registered fleet

The fleet, which had stood at 50m dwt in 1975 and had shrunk to 16m dwt at the end of 1985, would continue to shrink perhaps to little more than 5m dwt in 1995.

NUPE attacks 'phoney' jobs

MR RODNEY Bickerstaffe, general secretary of the National Union of Public Employees, said the Chancellor was offering "more bloated promises of phoney jobs on short-term, low paid community project schemes." The Budget was "a springboard to nowhere for the low paid, but a leap into a pool of riches for the City."

The Budget would cause anger and disappointment among Britain's 9m low paid workers, said the Low Pay Unit.

Public spending confusion should soon be resolved

BY ROBIN PAULEY

A LITTLE-NOTICED document published with the morass of MPs will for the first time have some idea what they are voting for when they are asked to approve billions of pounds of public spending each year.

For years, the Treasury has published its information in so many different inconsistent and often slapdash ways that no sets of figures have been compatible with others and voting for the enormous sums of central government spending has been mainly an act of blind faith.

But this year, the Government has tried to publish the estimates which will need parliamentary approval before they can be supplied to the spending departments on a basis consistent with the departmental spending plans in the public expenditure White Paper.

The supply estimates for expenditure which will have to be voted by parliament for 1986-87 total £99.1bn, of which £74.6bn is public expenditure. The remaining £24.5bn includes transfers within the public sector such as the rate support grant payments from central to local government.

One table in the supply estimates summary indicates one of the difficulties of controlling public spending. Of the £99.1bn of voted expenditure in 1986-87, only £58.3bn or 59 per cent is cash limited. Areas not subject to cash limits include all the social security estimate where payments are demand-led, and a third of the budget for health and personal social services. Here, items such as GP services and prescriptions are all demand-led as are many Home Office expenditures such as the prison service.

The new format also provides details of the reunning costs of each government department together with the manpower estimates. The total gross provision for running costs for 1986-87 is £12.69bn, 6 per cent higher than the total provision of £11.98bn for 1985-86.

The total number of civil servants has fallen by 18.5 per cent since 1979 and is estimated to be 600,072 for April 1, 1986. But the rate of fall will now slow down and the total is estimated to be 599,768 by the end of 1986-87.

One reason for the slowdown is the need to increase staff in some departments. This means that some central government departments will suffer an increase in running costs greater than the average 6 per cent.

The remorseless increase in unemployment, for example, means that more and more people need social security payments.

An £82m increase has been allocated to the Department of Health and Social Security to deal with the benefit office workloads. The total DHSS staff is expected to have to rise from 93,400 to 96,676 by the end of 1986-87.

This means that because unemployment has become so much worse than the Government expected, there will be 2,300 more staff employed in the DHSS than planned for April 1986, and 7,800 more than planned by April 1987.

Other rises in administration costs include an extra £15m for the Director of Public Prosecutions as a result of revised assessments of the cost of the new Crown Prosecution Service and an extra £8m for the Inland Revenue to pay for overtime needed to reduce the work backlog.

However, the number of staff employed by the Inland Revenue is expected to fall by 1,000 to 68,300 over the next year in spite of the huge arrears of work. The number of staff in the DPP office, on the other hand, will leap by more than 200 per cent from 1,200 to 3,750 during the next year.

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THE ARTS

A Midsummer Night's Dream

Martin Hoyle

The Donmar Warehouse in Covent Garden is playing host to the Cheek by Jowl company. In the past their *Vanity Fair, Pericles* and *Andromache* have never been less than intelligent, literate and freshly thought-out.

They now produce a *Midsummer Night's Dream* which for charm, warmth and good-heartedness is one of the most likeable Shakespearian productions to be seen.

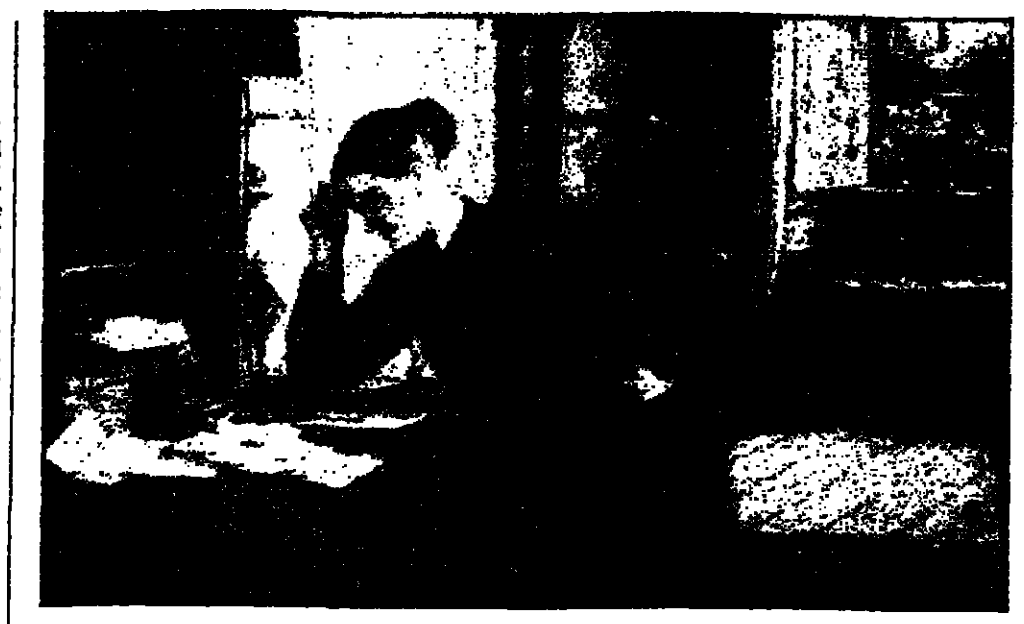
One general quibble: this modern version could hone the verse-speaking and point the language more. Sharper verbal attack from Sally Greenwood, for instance, and her Helena, all spaniel eyes, rueful mouth and toothy disgruntlement, would emerge as the superb comic performance that constantly threatens. And one particular: the rude mechanicals are here middle-class arties, Miss Quince shyly nursing a crush on Mr Bottom, the pipe-smoking curate. A lovely idea: but it hardly jells with the verbal clumsiness of the traditional rustics.

Otherwise Declan Donnellan's production yields immense pleasure. Ingeniously the amateur players, including dozey old Mrs Snug whose every twitch evokes an "Ah!" from her colleagues, double as fairies. They freeze in mid-rehearsal; three throw off raincoats, hats and scarves to reveal Oberon, Titania and the changeling in sequinned black.

Similarly the odd bewildered lover is pressed into magic service—no mean feat, since Saskia Reeves' mousy Hermia in granny specs and her bejeaned swain elope loaded with knapsacks, sleeping-bags and, doubtless, a youth hostel guide, Wimpish Demetrius, balding and city-suited, is hideously embarrassed by Helena's devotion; she discards her cardy and plaid skirt for a Burberry, chunky handbag and high heels for her woodland expedition. Yet the heady lyricism of the summer forest does come over as the darkened stage buzzes, hums, hoots and moans with night sounds.

Martin Turner's sinister Oberon switches to clenched Mountbatten-Windsor tones as Theseus—he and his fiancée, green-wellied and perched on shooting-sticks, quite won the house — apt for the conscientious kindliness of the Duke's admonitions to the tipsy gigglers at Miss Quince's play. His Hippolyta, Anne White, gives Titania a mixture of authority and sensuality that recalls a young Sian Phillips; and Lena Hodgson's scowling Miss Flute is a gem, doing breathing exercises and puffing fags in her "Relax" emblazoned T-shirt, mutinously sarcastic until, overcome at their play's selection, she bursts into tears.

The production presents difficulties for the Rev Bottom. Surely no cleric, even a modern Anglican, could be quite so bumptiously uneducated? Colin Wakefield plays him with wistful sweetness as a Wodehouse hero, and is disarming. The amateur theatricals (usually dreaded) actually made me laugh: Bottom's lengthily-mimed self-evisceration ("Now I am dead," he declares, chucking an invisible heart over his shoulder) making Thisbe's "Asleep, my love?" even more blithely fatuous than usual. The reproachful dignity of these vicarage thespians takes us into the realms of Ayckbourn *(Ten Times Table)* or Frayn; and adds to the enjoyment. Coming shortly: *The Man of Mode.*



"Faraway Thoughts" by Charles West Cope, RA

Interiors/Roy Strong

Pregnant moments

Only last month I wrote of the present cult of interiors; the exhibition *People and Rooms* at the Christopher Wood Gallery (until March 24) reinforces the point. Once again we find ourselves in the comfortable world of middle-class interiors from the mid-Victorian period through to the 1920s.

They exude security. This gallery has certainly cornered the market with work by minor female artists I have never heard of before: Edith Grey, Maria Castineau, Maud Hall Neale, Maud Marian Wear and Beatrice Parsons.

On the whole their work is competent, painless and indifferent. It is to be valued more for cosy subject matter than the bravura of the brushstrokes. Looking at some of them, I began to wonder whether the rehabilitation of Victorian painting had not got a trifle out of hand.

Not that some of the men emerge much better. Two of the most interesting pictures in the exhibition are by a mid-19th century Primitive, John Watkins Chapman; they depict a private box and the gallery of the Theatre Royal, Drury Lane, in 1857. The latter has all the charm of a feeble follower of Frith. The benches are filled with characters: the soldier and the sailor with their girl friends; grandparents with a grandchild; a couple up from the country. Nearly all the men have their hats on.

Victorian painters were obsessed by the pregnant moment. Time and again we are presented in visual form with the middle chapter of a novel and left to imagine what went before and after. Charles West Cope's *Faraway Thoughts* portrays a girl at a writing table, pensive over a pile of letters. She is in black. Is this a young widow recalling a happiness which has gone for ever? Harry Brooker's *The Treasured Volume* re-works the theme. A young girl sits reading a paper, clasping a handkerchief indicating imminent emotional response. Clues in the setting indicate that she is a governess or some kind of upper domestic. The room is simple — it lacks a cornice moulding. The furniture is "demoted regency." Prints are pinned to the wall, a heap of sewing is on the table behind her. We are left to weave what we will.

Even the pictures which are strictly interiors betoken the same narrative approach. Maud Hall Neale's drawing room is like a set for a domestic drama by Harley Granville Barker. This is middle-class good living: fire in the grate, a piano and a long clock, pictures on the walls, and Louis XV (revival) gilt furniture. One chair is placed before a table laden with tea things in front of the fire. A servant has obviously brought this in and gone; no one has come to drink it.

Benjamin Walter Spiers *Away from the World and its Toils and its Cares* (a ghastly title) re-works the same formula, this time in the clutter of a collector's study. The walls are spattered with miniatures and mezzotints, including Titian's *Sacred and Profane Love*. There are piles of vellum bound books, antique lamps and ceramics. The wastepaper basket is full. A bowler hat sits on a table. The theme may be imagined as that of the connoisseur in his studio indulging in aesthetic reverie.

I once did a statistical analysis of the subject matter of Victorian painting in terms of the scenes from British history chosen by artists. It was a fascinating exercise: the graph rose, for example, with Mary Queen of Scots or scenes from the Civil War; and the themes related both to the preoccupations of contemporary historiography and to the past as mirror of the problems of the present. The Queen of Scots emerged as the forerunner of the perfect Victorian gentlewoman, soaking handkerchiefs by the hundred with an ocean of her tears, Charles I as the ideal *pater familias*, surrounded by his adoring children.

Both visions, needless to say, had no connection with the historical reality of either.

As far as I know, no one has undertaken a comprehensive analysis of the other subject matter. It would be a gargantuan task, but it is a project which always crosses my mind when seeing an exhibition of this kind. (It is, too, a project ideal for the computer age.) It would be interesting to trace the emergence, rise and fall of the lady and the letter, for a start. Even an analysis of weather in Victorian painting would be fascinating.

The Victorian artist explored whole new areas of iconography—and left some totally uninvestigated. The Wilkie exhibition at the National Gallery of Scotland last year took a serious step in this direction with its an analysis of the pictures' imagery. It made me realise that we are still at an elementary stage in explaining the content of art in that prolific age.

Double Bill/The Place

Richard Fairman

Opera has always done well with the Camden Festival. This year, as well as the usual selection of forgotten masterpieces in fully staged and concert performances, the Festival is bravely mounting a double bill of new works. Lovers of the art, however, might well be advised in advance that neither of these pieces is an opera in the accepted sense of the term. The two together make a pretty grim evening.

In one case, at least, the heavy heart comes for the right reasons. *Other Voices* by Richard Hawkins takes as its theme a hopeless and distressing series of poems by Rainer Maria Rilke. This poetry could not spawn an opera. Nor, wisely, has the composer tried to make it do so. Each poem is left more or less on its own, a song-cycle with accompanying actions, rather that a theatrical event.

There is, in any case, little need to see anything. Each of the poems, taken from *Das Buch der Bilder* (1906), offers a brief sketch of a character and Hawkins' music is so descriptive that the people come to life even before the actors have time to start playing their roles. The reeling scales of a clarinet bring the drunkard tottering into view; and the suicidal man needs just a couple of notes from a halting, lonely flute. All of them are life's losers.

In depicting these wretched characters Hawkins has exercised critical restraint. Most of the text is simply declaimed, but when he does give one of his singers a melodic phrase, one can be certain there will be a powerful artistic push behind it. Of the cast of three, James Meek was outstanding in his various guises (beggar, blind man, dwarf) and the instrumental ensemble under Christopher Willis gave well-judged support.

The other piece—Paul Barker's *Phantastes*—need not detain us. This was pretension writ large. For almost an hour the hero wandered through the forest of his imagination, the sort of dramatic scenario where every twig is about to snap under the weight of its own significance. The score was a haze of nothingness: an opera with its head in the clouds and its feet nowhere to be seen.

LSO signs with the City and pays tribute to Bernstein

The London Symphony Orchestra has finally signed a new, open-ended, contract with the City Corporation. The orchestra will give around 100 concerts a year at the Barbican, but they will not, as previously, be bunched into intensive one-month seasons.

Future plans include a festival devoted to the music of the American conductor and composer Leonard Bernstein, to be held at the Barbican from April 29 to May 11. There will be six concerts performed by the LSO, which will feature 10 works by Bernstein. The principal conductor will be his close colleague John Mauceri.

The Festival, sponsored by British Rail's Capitalcard and Endless Holdings, will include two concerts conducted by Bernstein. Among the works to be played are the seldom-heard symphonies *Jeremiah* and *The Age of Anxiety*, and the first British staging of *Mass*, directed by Bill Bryden at the Guildhall School.

Other plans include a Stravinsky Festival in January-February 1987 and *The Gershwin Years* in June next year.

A. T.

Made in Bangkok/Aldwych

Michael Coveney

Never having been to Bangkok, I am prepared to accept Anthony Minghella's impression of it as a fornicator's paradise of massage parlours with one-way mirrors and live sex shows interspersed with filthy novelty acts all housed in brutalised garages staffed and managed by smiling suppliers, many of them related to each other.

What is so chilling, compared with the horrid hardness of, say, such transactions along the Reeperbahn in Hamburg, is the smiling, delightful acquiescence of the pimps and whores. There is a cold beauty about the way a hired girl in the tawdry hotel bedroom of an obnoxious, loud-mouth clothing salesman keeps mum until the idiot Gary is forced to blurt out *his* name and begin nervous sign language.

Nothing, I hasten to add, is explicit or distasteful in this play from one of our most intriguing, unclassifiable young dramatists. He charts the arrival of an English party stopping over in Bangkok en route for Hong Kong from lassitudinous introductions by the baggage collection to fun on the boulevards and rows in the hotel breakfast area.

Minghella, British of Italian parentage, is a keen chronicler of domestic fall-out at social flash points, be it the wedding party in *A Little Like Drowning* (Hampstead) or the soured family reunion in a bleak hotel in *Love Bites* (Derby Playhouse). His is an awkward, bustling talent and it is wonderful to see it sponsored on the West End stage by producer Michael Codron, director Michael Blakemore and the design double act of John Gunter (sets) and David Hersey (lighting).

The discomfited tourist is hardly a new theme, but this play manages to convey the sense of the foreign-ness of Bangkok while also reminding us of its recent history as an American playground and, especially after the Hong Kong changes in 1997, its increased potential as a slave trade centre not just in the tourist market, but in garment manufacture and computer components.

The married couple of Stephen and Frances is visiting just such a computer factory; he is on business, she "might write something." Their marriage is also falling apart. Frances does not miss the seven year old son and wants to know why, after sex, Stephen always hits her; also, at the factory, why only women work there and for how much.

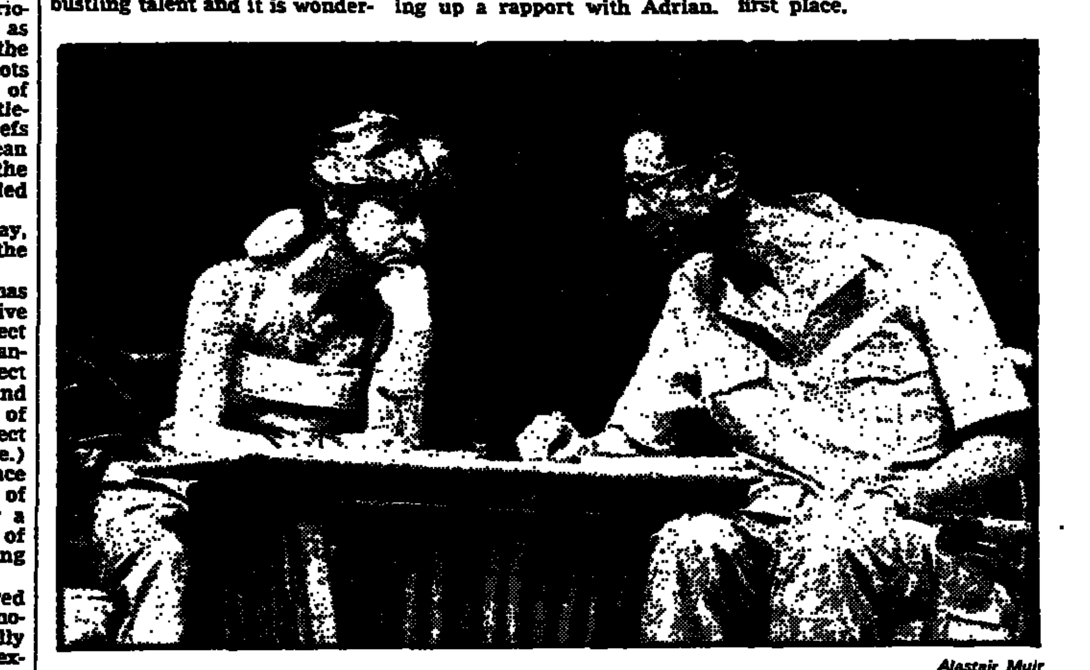
The other couple are Gary and his boss, Adrian, whose daughter (not on the trip) he hopes to marry. Adrian is slyly collecting evidence against Gary by encouraging his lustful, eye-popping, foul-mouthed natural instincts. They visit a clothing factory where a pathetic fashion display, gracefully executed, of cotton garments slides into a smilingly supervised strip show.

Meanwhile Frances is striking up a rapport with Adrian. They visit temples together while everyone else on the "Eastern Promise" party is off gawping and guzzling. Their scenes, played with exquisite tenderness by Felicity Kendal and Benjamin Whitrow, contain her confession of a fantasy sex world where her own crying baby was misconstrued as an orgasm among the neighbours.

The speech echoes the voyeuristic enjoyment of ecstatic moans in the adjoining hotel room by her husband, whom Paul Shelley plays with hypocritical fervour, creeping off to be one of the boys and crawling back with a silk dress present. The party is completed by Peter McEnery's bespectacled Yorkshire dentist, an earnest loner whose political speeches are eventually usurped by the appeal of David Yip's beautifully articulated and over co-operative party guide and gofer.

Miss Kendal finds a way of reconciling her character's general contempt for the male braggadoccio with particular disappointment at her husband's inconsiderateness. She does so with melting charm and a quiet and determined beauty matched only by the initially insulted chambermaids closing the action in a shower of silk sheets and banners. The acting throughout is superb.

This is an ambitious and judiciously extravagant staging of a play that benefits from high production values and fully deserved them in the first place.



Alastair Muir

Felicity Kendal and Peter McEnery

Park Lane Group/Purcell Room

Paul Driver

The second of the Park Lane Group's distinctly unenlivening series of British String Quartet concerts took place at the Purcell Room on Tuesday. It was given by the Fairfield Quartet, whose members relieved the pastoral *longueurs* of their opening item, Herbert Howell's Fantasy Quartet (1918), by the application of warm, luscious and incisive tone; and brought to the Five Movements Op 5 by Webern, which opened the second half of their programme, a sense of secret spaciousness and proper intervallic weight: an idiomatic and rewarding performance accidentally spoiled by the offstage reverberation of bass-drum thuds or distant cannon.

Two new works were presented to the sparse audience. George Nicholson's String Quartet No 2, written for the present players a year ago and being heard in London for the first time, proved a thoughtful, three-movement composition, dialectical in its procedures. The first movement pivots on eloquent declamatory solos for viola and cello; its material is skilfully worked up to a stabbing half-close which prepares for the second movement scherzo, a ceaseless rhythmic play made tight and shrilly bright in this account. The short finale serves as quiet synthesis.

The Fairfield's committed performance could not disguise the work's lack of an urge to strong personal utterance (there appeared to be little intimate or confiding about this string quartet). Nor could the players do much to compensate for the gushing disclosures of Edward Cowie's String Quartet No 4 ("Australia II"), commissioned by the Park Lane Group for the occasion, and offering itself as a tone-picture of "sails, wind and waves" as experienced by the composer in Australia during a recent Americas Cup. It is a single movement, fairly short but bitty and prolix, cast in a jolly, generically English idiom that allows occasional sea-noises but more often conjured up the image of an early Tippett quartet spinning in the wash.

Tennstedt/Festival Hall

Andrew Clements

The London Philharmonic welcomed back its principal conductor on Tuesday. After six months away from the concert hall to overcome cancer of the throat, Klaus Tennstedt appeared back to his familiar, highly charged self, warmly greeted by audience and orchestra alike. For his return he chose Mahler's Sixth Symphony, which he admits is his favourite work and which, undoubtedly, he conducts with a vividness and commitment few other living conductors can match.

The LPO rose to the occasion with its most responsive playing, realising precisely the bright stabs of colour that Tennstedt applies to each of the movements. His is by no means an histrionic interpretation; neither, though, does it preach classical restraint in the work in which Mahler came nearest to evoking the classical four-movement symphonic plan. For Tennstedt the outer movements are crucial; his treatment of the scherzo and Andante is not at all sketchy, but it does not attempt to find the depths measured elsewhere. The scherzo was moderately paced, distinctly slower than the opening Allegro and resisting the temptation to make it that movement's *alter ego*; the Andante was detached and measured, savouring its moments of repose and distinguished throughout by carefully phrased woodwind solos.

His first movement similarly *emphasied continuity and* coherence over idiosyncratic rubato. Even the second theme was treated with only the necessary quantum of rubato; perhaps with a voluptuous string sound the LPO unit is accomplished but it is not especially warm — Tennstedt *might have stressed that aspect* of the music more. But the pastoral interlude that crowns the development was a thing of delicate shades and memories, and the coda arrived with conclusive brutality, its opening chords clipped martially short, its final consoling statement of the Alma theme almost understated.

The beginning of the finale uncovered the single flaw in what was otherwise impeccable orchestral playing: the opening violin theme really demands higher tensile strength, a firmer, sharper focused sound, to launch the introduction effectively. From then on, however, it was an exhilarating, sometimes terrifying journey, the elements of the introduction laid out with almost surgical precision, their integration in the main body of the movement conveyed in a unifying sweep. Each climax was precisely graded; the collapse into the *coda managed with instinctive* theatricality. Altogether, a memorable return.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Mar 14-Mar 20

Exhibitions

PARIS

Homage to Paul Delvaux. Distant and solitary in their cool perfection, their large eyes unseeing, Delvaux's nudes people his dreamlike universe. The one touch of realism comes in the painting of his mother's kitchen, with an old-fashioned coal burning stove, grandfather clock and cured ham hanging from the rafters. Centre Wallonie-Bruxelles, Ends March 31 (42712618).

Rembrandt's engravings: Engravings from the Dutuit collection represent Rembrandt's intimate world, his family, his friends, even shopkeepers and beggars. Every subject interests him, from biblical scenes to the most varied expressions of his own face, from a portrait of a philosopher to an image of a couple making love. He experiments endlessly with the technique of etching, with different types of paper until he achieves the same strength of artistic expression in engravings as he does in paintings. Petit Palais, Closed Mon. Ends April 20 (42651273).

Vienna 1880-1938: Centre Pompidou stages one of its vast exhibitions where different disciplines combine to bring to life a moment of history. Turn of the century Vienna, melting pot of nationalities and races, is the scene of a paradox. The mournful atmosphere of a *fin de regne* is lit by an explosion of ideas and artistic creativity with architects like Wagner, musicians like Mahler and Schoenberg, thinkers like Freud and painters like Klimt, Schiele, Kokoschka and the Secession Movement. Some 2000 exhibits bear witness to Vienna's contribution to modernity. Beaubourg-Centre Georges Pompidou. Closed Tue. Ends May 5. (42771233).

From Rembrandt to Vermeer. 50 chefs d'oeuvres on loan from the Mauritshuis trace a panorama of 17th-century Dutch painting with Vermeer's View of Delft with genre paintings, still lives and landscapes. Grand Palais. Ends June 30. (42615410).

LONDON

The Royal Academy: Sir Joshua Reynolds. The long-awaited tribute from the Royal Academy to its founding president fills the principal galleries of Burlington House until March 31 (sponsored by National Westminster Bank). A truncated version has already been shown in Paris. It is an equivocal compliment, for it confirms Reynolds as one of England's major art historical heroes and exposes his limitations as a painter. Lacking the flair of such contemporaries as Ramsay and Gainsborough, let alone of the older masters of the grand manner, such as Van Dyck and Veronese, he had the ambition to match himself against them, and whatever he achieved in position and accomplishment was by effort and determination.

The Tate Gallery: 40 Years of Modern Art is a huge, rambling and always fascinating display marking the retirement of Ronald Alley, Keeper of the Modern Collection for the last 30 years. He has chosen and arranged the show, drawing only on the Tate's stocks. Revival of critical interest in European work before 1960 has meant that the influence of the New York School is no longer the power it once seemed. The work now takes its place with its international peers. The Tate stands among the best of modern collections, and this show makes clear its unique character of generosity and open-mindedness. Ends Apr 27.

WEST GERMANY

Hanover, Sprengel Museum Kurt Schwitters Platz: Kurt Schwitters (1887-1948). This comprehensive show, collected by the Museum of Modern Art, New York, includes as well works from his Hanover period (1923). There are 300 paintings, drawings assemblages, collages and sculptures. Ends Apr 20.

Stuttgart, Staatsgalerie, Konrad-Adenauer-Str. 30-32: German Art of the 20th century. This is the same exhibition as was shown at the Royal Academy in London last year. It is made up of 300 works from 1905-85 by 50 artists. Ends Apr 20.

Hamburg, Museum für Kunst und Gewerbe, Steintorplatz 1: Also to honour Kokoschka, this museum is showing his complete works for the theatre. *The 250 items cover costumes* and set designs. Ends Apr 27.

SPAIN

Madrid: Modern masters from the Thyssen-Bornemisza collection gathers 114 works from French Impressionism to North American abstracts: *Cézanne, Gauguin,* Manet, Monet, Toulouse-Lautrec, Degas, Renoir, Pissarro, Sisley, Van Gogh, Picasso, Juan Gris, Braque, Léger, Bonnard, Chagall, Kokoschka, Kandinsky, Rothko, De Kooning, Bacon, etc. Sala Picasso, Biblioteca Nacional, Paseo de Recoletos 20. Ends Apr 6.

Madrid, "Max Ernst": A vast retrospective of master of surrealism on show for the first time in Spain gathers 125 works of his early Dada, frottages, collages and later stages: so loan by the Moma, Centre Pompidou, Guggenheim and Menil centres in Europe and the States, offers the fullest study we have yet had of the work of one of the most relevant artists of this century. Fundacion March, Castello 77. Feb 28 to April 27.

NETHERLANDS

Haarlem, Teylers Museum: Survey of French 18th-century graphic art illustrating the new processes developed to capture painterly effects in etchings and engravings and meet the demand for reproduction prints. Ends Apr 6.

BRUSSELS

Toulouse Lautrec - paintings, drawings and lithographs. Credit Communal. Ends Apr 13.

ITALY

Venice: Museo Correr: 127 drawings from the rich collection owned by the museum, from the 15th to the mid-19th centuries, includes Guardi, Canova, Canaletto, and Tiepolo, as well as lesser-known artists. Ends April 17.

Venice: Palazzo Fortuny: two photographic exhibitions on 19th century Venice: Venice as seen by 19th century photographers and Daguerreotypes from the Ruskin collection. This is the first time that material Ruskin collected in Venice between 1845 and 1856, which comes from the Ruskin Gallery in the Isle of Wight and the Coniston Museum, has had a worthwhile exhibition. Also included are 18 photographs of Verona and several of Florence, Siena, Lucca and the Alps. Ends March 30.

Florence, Museo Nazionale del Bargello: Homage to Donatello: to celebrate the 6th centenary of his birth the 19 Donatellos the museum owns, of which only six are of absolutely certain attribution, have been grouped, with much documentation, by Roger Brown, Frank Stella and Ed Paschke. Ends April 27.

National Gallery: The 150th anniversary of Winslow Homer's birth is commemorated in an exhibit of 100 watercolours of rustic scenes and rural life, which show Homer's experimentation in watercolours before he attempted subjects in oils. West Building. Ends May 11.

CHICAGO

Art Institute: The 75th American Exhibition chronicles the current scene in American art represented by 20 artists including Jennifer Bartlett, Roger Brown, Frank Stella and Ed Paschke. Ends April 27.

NEW YORK

Metropolitan Museum: Liechtenstein, the Princely Collection, one of the greatest private collections in Europe, shows a variety of the holdings, like a French Rococo carriage, firearms, sculpture and a hundred paintings, including 19 Rubens, five Van Dycks, and eight Franceschinis. Ends May 1.

Museum of Modern Art: In the centenary of his birth, the museum mounts the largest show ever devoted to the architecture, design and furniture of Mies van der Rohe with 300 drawings, eight models and a full-scale rendering of the chrome-plated steel column from the 1929 Barcelona Exposition. Ends Apr 15.

WASHINGTON

Hirshhorn: The eight contemporary American artists in the Directions series include a light installation made for the show by James Turrell and major pieces by Frank Stella and Robert Morris. Ends Mar 30.

TOKYO

Masterpieces of 19th-century German paintings from the National Gallery in Berlin: 64 works by artists including Casper David Friedrich and Wilhelm Leibl. Especially popular in Japan is Carl Spitzweg for his depictions of *petit bourgeois* German life of the early 19th century. National Museum of Modern Art, Kitanomaru Park, near Takebashi Station and the Moat around the Imperial Palace. Ends Mar 23. Closed Mon.

Ukiyo-e: A seasonal exhibition mainly by Hiroshige of landscapes depicting cherry-blossom viewing areas in old Tokyo of a few centuries ago. Ohta Memorial Museum in Harajuku, just off Omotesando Avenue. An interesting Sunday itinerary would also include viewing the "Bamboo-shoot" street dancers, a visit to the nearby Meiji Shrine and refreshment taken at any of Omotesando's elegant cafés. Ohta Memorial Museum. Closed Mon. Ends Mar 23.

Saleroom/Antony Thorncroft

'Hidden' silver disappoints

Christie's did not quite get the £100,000 plus that it was expecting for a silver wine cooler, and platter, which had been made for Ernest Augustus, the fifth son of King George III, Duke of Cumberland, and later King of Hanover, in the early 19th century. It sold for £97,200 to the London dealer Koopman. The auction of English and foreign silver totalled £557,766, with 12 per cent unsold.

The wine cooler and platter has an interesting history. Both pieces were modelled by Flaxman and Edward Hodges Baily, with the cooler executed in 1821 by Philip Rundell, and the platter in 1838 by William Bateman, Ernest Augustus took them to Hanover. When that small German state was overthrown by Prussia the silver was hidden by the King's servants in the vaults and it did not resurface until 1924.

In contrast a pair of George III three light candelabra, made by Paul Storr in 1816, did much better than forecast, realising £91,800 to an English collector as against a top estimate of £40,000. They were sold by the Trustees of the tenth Duke of Leeds. Another testatory property, an elaborate French jewelled gold desk set—ink well, vesta case with striker, pen, pencil, etc., made in 1838, was sold by the executors of the late Sir Francis Legh for £28,080, to a San Francisco dealer.

A pair of George IV, partly fluted, two-handled, vase-shaped wine coolers, by Richard Sibley, 1821, realised £17,280 and a George III épergne by Thomas Pitts, 1776, with the central basket replaced in 1840 by Robert Hennell, was on target at £15,120.

Sotheby's sale of musical instruments was much better than its last major effort in the autumn when it failed to dispose of four important "Strads." This time a violin made by Stradivari in 1717, during his "golden period," fetched £170,500, below estimate. It is known as the "Piatti." As compensation a violin by Joseph Guarneri del Jesu was bought by a German dealer for £214,500, a record for the maker. Even so, the price was below the estimate, suggesting that the market for musical instruments is not so buoyant as it was a few years ago. The auction toralled £936,617 with 25.7 per cent unsold.

Sotheby's also sold 19th century European paintings for £1,160,940 and 22.2 per cent unsold, a reasonable outcome. A Corot view of Fontainebleau seen from the lake did quite well at £63,800, while another Corot, of dancing nymphs, was on target at £41,800. The same sum secured a flower painting by the Austrian artist, Josef Nigg.

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Euro-pasta: a failed recipe

TWO ARCANE tales out of Brussels in recent days raise hopes and prompt fears for the development of a true common market for goods and services in Europe. The good news is that the Commission has submitted a directive to the Council on the qualities required of pressure vessels. For the first time, this directive embodies a new and streamlined approach to establishing European product standards.

After six months of discussion a committee of experts has been able to slim a product directive covering everything *from scuba tanks to gas lighters* down from 50 pages to five. This is because the new approach, adopted by EEC member governments *last May, no longer* seeks to lay down how such vessels should be constructed, only the safety criteria they *must satisfy.*

Manufacturing norms will be left to national standards institutes and there will be a *presumption* that these norms meet Community standards, and thus permit sale throughout the Community, unless they are specifically challenged and found wanting.

Less explosive

If this pressure vessels directive is accepted by the Council—as it is expected to be—it will represent an important first step towards the de-bureaucratisation of the EEC and the free movement of goods across Europe. The most encouraging thing about it is the way that officials of the national governments have not sought to insist that every peculiarity beloved of their national pressure vessel industries is there for safety reasons and must therefore be built into the EEC directive.

The same alas has not held true in the less explosive matter of pasta. The thrust of Commission policy over food standards—not yet formally accepted by member governments—is similar to that adopted for products. There will be broad directives covering basic and safety matters like labelling, packaging materials, additives, manufacturing processes and so forth. Beyond these, food considered saleable in one country will be saleable in all.

This approach is well-founded upon the famous Cassis de Dijon case of 1979 when the European Court ruled that creme de cassis should be allowed into West Germany even if it did not conform to any official West German description of a drink. The West Germans are now up before the same court because of their refusal to accept the sale in their country of beer that does not meet quality standards established in the 14th century.

In the case of pasta, Italy, France and Greece insist that pasta must be made of durum wheat, rather than soft wheat. They bolster their case by pointing to the surplus of durum wheat in the Community and the importance to the CAP budget of channelling as much of this durum wheat as possible into cannelloni. The Commission is divided over whether to take these countries to the European Court: indeed, some within the Commission feel that the definition of pasta should be enshrined in Community law.

Eternal vigilance

Such a "recipe law" would contradict the emerging policy of allowing food products to survive on their merits throughout the Community, provided they are safe. Such exceptions would doubtless proliferate and lead the Community back onto the nonsensical path towards the Euro-sausage and Euro-chocolate.

The price of the free internal market is eternal vigilance against such pasta directives. A free market will not necessarily ensure the survival of the cheapest, shoddiest and blandest, as its opponents fear. Properly organised it will allow countries and companies to develop reputations for excellence which every consumer in the Community can endorse. This probably requires a tightening of Community labelling law, not for reasons of safety, but so that we can all be certain of our durum wheat pasta when we want it.

A European market place able to select excellent products because they are excellent, unhindered by the compromised efforts of governments to direct its choices, will provide a much improved basis for European industry's sales worldwide.

Reshaping of the Stock Exchange

THE PLAN to raise the proportion of lay members of the London Stock Exchange's ruling council from one-tenth to between a quarter and a third symbolises the new priorities of this doyen of self-regulatory bodies. Until recently—there were no lay members at all until 1983—the council was concerned with running a club. Now competition is becoming fierce, and any market that fails to make itself aware of the needs of its clients, and potential clients, is running grave risks.

Inevitably there are strong US influences on what the Stock Exchange is doing. The committee drawing up the new proposals has studied the governance of bodies such as the New York Stock Exchange, the National Association of Securities Dealers and the American Stock Exchange and, although it claims it has not followed any particular model, the precedents must be relevant.

US exchanges are in more or less direct competition with each other, at any rate at the margin. *Securities* firms are often members of several, or many, exchanges and thus have diversified interests. In these circumstances exchanges are motivated to forge closer contacts with their users; both investors and listed companies. In the US exchange officials spend much of their time marketing to corporate clients.

Unwieldy council

Bringing outsiders on to exchange councils is also encouraged by regulators and is certainly a preoccupation of the Securities and Investments Board in the UK, though precise rules have yet to be drawn up. This is particularly relevant given the framework which is proposed for investment exchanges in future, with the exchanges being separated from the self-regulatory organisations which will be responsible for securities firms and practitioners though it is still probable that the Stock Exchange itself will retain its *traditional dual role of SRO and* exchange.

In the new conditions, members of various SROs are likely to have access to the different exchanges, which could include an international equities market and an over-the-counter market as well as the existing Stock Exchange markets in equities, gilts and traded options.

First of all, however, the Stock Exchange needs to cut its unwieldy council of 52 down to size: a maximum of 25 is proposed. Originally 35 up to 1973, the number of council members rose to 47, including the *ex officio* Government Broker, when London merged with the provincial exchanges, and then to 52 with the addition of lay members.

The Stock Exchange is proposing to cut the number of practitioner members from 46 to perhaps 16 (plus eight outsiders). At the same time it has to devise a formula for giving representation to the huge new international firms which are being admitted to membership: Merrill Lynch and Nomura became member firms at the beginning of the month and a number of others will be joining soon.

A scheme for the progressive transfer of voting rights from individual members to firms was narrowly rejected by the membership last year but new proposals are likely to be presented in due course.

Enormous changes

The transition from club to public service organisation is not an easy one but the Stock Exchange has always been very conscious of its public responsibilities. Moreover, the mood of its members has changed markedly since the vote of insecurity and unrest a year ago. The exchange is in a very different position to that of the Lloyd's insurance market which is at present subject to a Department of Trade inquiry on the workings of its own self-regulatory framework.

But the Stock Exchange will have to cope with some enormous changes in its status over the next year or two. The prospect of coming under the jurisdiction of a new regulatory body, the SIB, where there was not one before, is already a blow to its prestige.

Most users of the Stock Exchange's facilities will welcome the end of many of the market's more restrictive practices. They will not be so happy, however, if the exchange's high standards are eroded by the pressures of the new deregulated environment. The task for the new council—which could take office in mid-1987—will be to ensure that the traditions of the exchange are maintained. It will not be easy.

ECONOMIC VIEWPOINT

The post-Budget challenge

By Samuel Brittan

AFTER a further 24 hours of reflection, one is struck by the political ingenuity of the *Budget—finding so much* to announce, with so little real room for manoeuvre — its intellectual boldness in one respect, but also its *Toryism.*

For make no mistake, the financial reliefs give most help to the middle and upper groups. Top earners' gains from the 1p cut in the basic rate may have been trimmed by the less-than-full indexation of upper rate thresholds.

But the really big gain for personal property owners is the abolition of the tax on gifts *inter vivos* which restores the status of death duties as voluntary taxes—except for those who die unexpectedly young.

Having known him for many years, I still do not understand why the Chancellor should have such an unreciprocated affection for the Tory Party and its traditional interests, even though he does not aspire to lead it.

The Chancellor was obviously delighted at the discomforture of the shallow "What will we do when the oil runs out?" school of thought. As he pointed out, because of the fall in the oil price, the economy had made in 25 weeks an adjustment which critics such as Lord Aldington thought could not be made in 25 years.

It is possible to share this delight, and accept the Chancellor's economic analysis, and his diagnosis of the links between pay and jobs without sharing his Toryism. This is a point which the Alliance leaders, who are too influenced by Edward Heath, and too hung up on out-of-date special pleading for manufacturing, fail to take in board.

The special pleading is out of date because the large fall of sterling against the D-mark and other competitor currencies which has restored manufacturing competitiveness. Meanwhile, the fall in both the dollar and oil and commodity prices has offset the normal inflationary effects of a depreciation.

Thus, in alphabetical order, we have had a Baker-Lawson-Yamani Budget.

The intellectually radical aspect of the Budget speech was to hold out the prospect of temporary tax relief to *employees* to get appropriate profit-sharing agreements off the ground.

Such schemes have long been argued on grounds of participation and involvement. But what has excited macro-economists is the proposition that if "a significant part of an employee's remuneration" is related to profits per head, then companies would be under less pressure to lay off workers when in difficulties and keener to take on new workers in periods of expansion.

This new angle on profit-sharing is due largely to Professor Martin Weitzman of the MIT, whose work only became known in British policy making circles about the winter of 1984-1985. The time lag between intellectual launch and political kite-flying has thus been remarkably quick.

My main worry is that it is all so far away. Before any scheme there will be a consultation document. And before any document, there will be "consultations with employers and others." Alas, I have heard so many corporate spokesmen and blinkered legal and accounting experts at both Thatcherite and Lib-Lab gatherings sitting hard on every constructive idea.

Much the best way to have shocked the corporate world into action would have been a temporary pay freeze.

A less unpopular alternative would have been a temporary bonus to companies increasing pay by less than a specified percentage and/or adding to their labour forces. This would have given employers some incentive to put their houses in order for the longer run. It would thus have been a better way of using £1bn than "1p off the income tax." Here the Toryism got in the way of the radicalism.

Failing such shock treatment, the best course would be for the Chancellor to leave aside the academic debate and concentrate on hard-headed discussion not on whether to implement profit-sharing incentives, but how to do so. If lawyer-proof criteria can be devised, it will always be possible to make room for variants such as Meade's labour-capital partnership, and still other ideas.

Meanwhile, the Chancellor should detail one Treasury minister, one senior official and one senior economist to lead a full-time team on the subject. They should be chosen not on the principle of Buggin's turn, but from those who are personally keen on profit-sharing.

Anyone who thinks reform of pay remote from realities should look at the chart taken from the Red Book of corporate rates of return, excluding the North Sea.

If anyone is looking for signs of a sea-change in the British economy, which is not merely cyclical, he will find it in the recovery of real annual rates of return to near 10 per cent the level which prevailed in the Golden Age before the first 1973 oil price explosion.

There was the beginning of a similar recovery in the late 1970s *after the Callaghan*-Healey pay and financial clampdown. But that was knocked on the head both by the second *oil price explosion and the pay* explosion that followed the breakdown of the Social Contract. The present profits upturn *has reached much higher levels,* gone on much longer and been reinforced by the third oil price shock—this time a collapse; which has *helped* corporate profitability throughout the OECD area.

A high corporate rate of return *is not* in itself a guarantee of more jobs. It can herald a jobless prosperity.

Low unit costs can be achieved if employers react to excessive pay and other employment costs by investing in labour-saving equipment. A jobs recovery depends on more investment to expand capacity, as well as to cut costs; and the bottom-line case for profit-sharing is that it reduces the effective cost of taking on additional workers. Employers will discover this to be true whether they understand the mathematics or not before the event.

The question is often put to me: "Lower pay means lower incomes and less spending. How can that be good for jobs?"

This is where the Medium Term Financial Strategy does help. For it lays down an approximate path for the growth of demand in money terms (Nominal GDP), sufficient to ensure more growth and jobs if pay is restrained, but high enough to prevent an inflationary breakout. It is thus compatible both with reconstructed Keynesianism and Low Church Monetarism.

The top line in the table represents Government "projections," which are less hard than targets, but serious enough for the Government to take action "to avoid substantial deviations in either direction in the medium term." The lower lines representing the breakdown of GDP growth between real growth and inflation are schematic forecasts, whose realisation depends more on business and labour reactions than on financial policy.

The Chancellor reaffirmed *again yesterday that he would* take action against deficient as well as excess demand—despite his and his advisers' hopes that *something called the* "real balance effect" will make such action rare.

But as at a recent private meeting both a Nobel *prize*-winner and a former economics director of the Bank of England were unsure of his commitment, it needs to be *spelled out fre*quently, publicly and at length —perhaps before more receptive audiences than the House of Commons.

What has broken down is not the MTFS, but technical monetarism. Some technical monetarists have been criticising the Chancellor for excessively tight policies because very narrow money has been near the bottom of its target range. Others have been criticising him for inflationary profligacy because broad money and bank credit have been through the roof. One can sympathise with Dennis Skinner's call for "skinny money."

Of course it would be both operationally and presentationally convenient if there were a measure of money that bore a stable relationship to spending in the economy.

But, as the Red Book explains, broad money — *whether* measured by £M3 or any other way—is now largely interest bearing. For this reason, and *because of financial innovation* generally, velocity has been on a falling but unpredictable path, and £M3 is less quickly respon*sive to interest rate pressures.* Hence the high 11 to 15 per cent target, for only one year ahead.

As for that very narrow *aggregate M0—cash and* bankers' balances at the Bank of England. There are academic economists who call this aggre*gate "Monetary Base" and* have an elaborate theory linking its movements to the total money stock, to Nominal GDP *and hence to inflation. But the* Treasury Red Book writers are not among their number. They merely call in aid a none-too-tight *statistical fit between M0* and their ultimate objectives, for want of anything better.

Few would pretend that the *residual monetary targets give* effective guidance to the Bank of England's interest rate operations. In practice, the movement of sterling is far more important.

The 64,000 Ecu question is whether we are not landed with the disadvantages of an exchange rate objective—the need to tie interest rates to the desired behaviour of sterling—but without the advantages to confidence and expectations of a known and stable framework.

The urgency of a formal exchange rate policy is shown by the chart contrasting the 4 to 4½ per cent growth in UK unit labour costs in manufacturing with near-zero growth among competitors.

The balance of payments has survived with an expected £3bn surplus and inflation is moving down to 3½ per cent despite these labour costs.

Sterling has fallen against non-dollar currencies; yet sterling prices of materials and fuels are expected to be down by 11 per cent this year. In addition there has been a powerful boost to invisible earnings and overseas profit remittances, which have offset the reduced surplus in *oil.*

These factors are mostly once-for-all or even reversible.

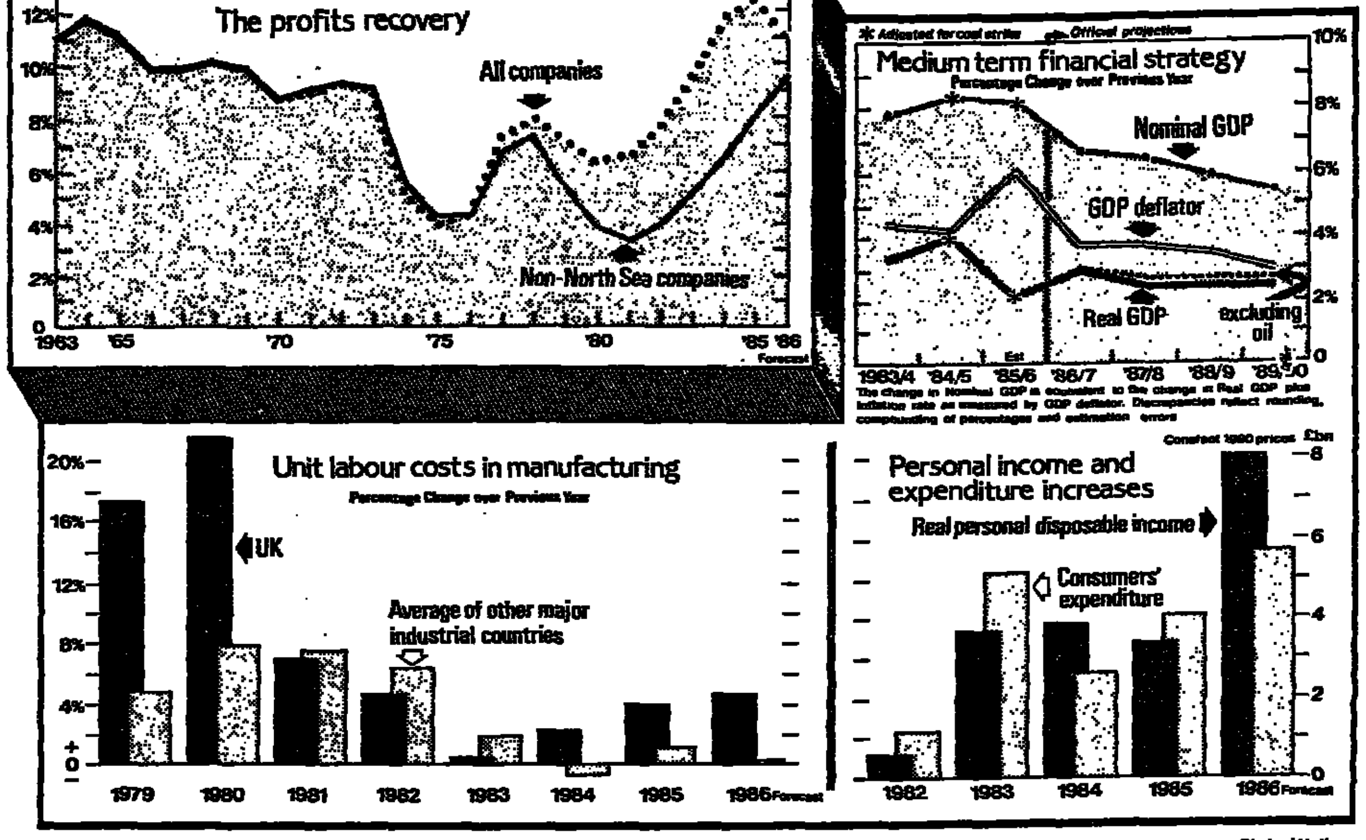
If unit labour costs *do not come down sharply by the next* wage round, the split between real growth and inflation will become much worse than that *now expected, with the deterioration* occurring in an election period.

There is only one foreseeable way in which employers *could* be induced to exercise pay restraint in the face of fat profit margins. This is the knowledge *that the exchange rate against* European competitors will not readily be allowed to depreciate to offset higher British unit costs.

Of course, as the Prime Minister rightly emphasises, a devaluation would be politically embarrassing inside the EMS. This is indeed one of the main arguments for entering the EMS, as employers would be well aware of the *difficulties of* devaluation and thus be much more hesitant about inflationary wage awards.

*The EMS provides for realign*ments in the face of a big upheaval, such as the one which has just taken place in *oil markets, and which is now* largely behind us. But the knowledge that depreciation is ruled out as an easy option has *reduced the French inflation* rate to well below the British rate and could yet be the saving of the Prime Minister's own *counter-inflationary objectives.*

An exchange rate link with a non-inflationary currency such as the D-mark has always been *a theoretical alternative to* domestic monetary targets. Both because of the technical breakdown of these targets and for *more fundamental reasons of* political economy, the exchange rate link is the only practical option to save the British *counter - inflationary strategy.* Nominal GDP will still be there. However, the focus will shift to its management level.



Chris Walker

Men and Matters

New government after coffee

Only the wizened few among French journalists are old enough to remember the interminable wrangling among would-be and won't-be ministers accompanying the frequent changes of government under the fourth Republic.

Now that Sunday's narrow right-wing election victory has given France the prospect for the first time since 1958 of a president and a prime minister of different political colours, the French media is having to get used again to the concept that government-forming can be a tedious and time-consuming business.

President Mitterrand, enjoying keeping a whole nation on tenterhooks, provided the main incident yesterday for the Press and cameramen camped out in the courtyard of the Elysee Palace for the second day running.

At lunch-time Mitterrand swapped a few solicitous words with photographers keeping their cameras up in the drizzle in preparation for the arrival of Jacques Chirac, the prime minister designate.

Mitterrand asked whether the waiting throng of newsmen was feeling the cold, and hinted that coffee would be served later—although whether this was just another government promise was not immediately made clear.

Ministers in the outgoing socialist administration, meanwhile, were waiting to clear their drawers and pack their suitcases for the last time.

Paul Quiles, the defence *minister* nominated after Charles Hernu resigned over the Greenpeace affair in October, marked the end of his short stay by *dunking* an artificial duck bearing his name in an ornamental pool at his headquarters at the Hotel de Brienne. *The little ceremony* has been followed by all departing defence ministers since 1973.

The loudest signal of the change of government came yesterday at the Louvre, the headquarters until two months ago of the finance ministry.

Workmen remodelling the former ministry offices as part of the museum's extension plans have carried out a Paris-style Big Bang. During the last days of the socialist administration they demolished the imposing corridor leading to the office of Pierre Beregovoy, the finance minister.

No brains

Meanwhile, the sinking of the Rainbow Warrior, the Greenpeace boat, in New Zealand last year may soon have a serious effect upon French eating habits. Cervelles au beurre noir could disappear from the menus of their restaurants.

The French *authorities* — conscious as ever of the impact upon the man in the street of affairs gastronomic — have started to withhold import licences for New Zealand lambs' brains. Nobody is saying so, but it is difficult to avoid *the conclusion that the French* are applying sanctions in order to speed the release of their two agents serving sentences in *a Wellington jail for complicity* in the Rainbow Warrior affair.

New Zealand has complained to the council of Gatt in Geneva that the French action on lambs' brains is in breach of Gatt rules. Wellington has also asked the Brussels commission to discipline the French.

The Gatt council, however, has been greatly relieved that the *New Zealand ambassador,* Richard Nottage, has not followed earlier precedents by producing a sample of the *goods about which he has com*plained.

Dry work

While Mr Gorbachev gave himself a generous 5½ hours for his address to the recent congress of the Soviet Communist Party, about par for the course, Finnish businessmen and officials wh trade and negotiate trade with the Russians have noted a dramatic falling off in the urge to speechify among the leader's subordinates.

It is suspected that this is not the result of a cut-the-cackle directive from the top. The thing is, say the old Russian hands, that the average Russian *official doesn't move* into smooth loquacious flow at lunch or dinner unless primed with several glasses of vodka—*and under Mr G vodka-swilling* is out. Nowadays, the Russians are almost as silent as those Finns who spend their entire *time caring for the* vast northern forests and have only a sighing fir tree on which to practise conversation.

A six-word speech is about all *we can get out of them these* days. They just can't get into the swing of a good speech with nothing but a glass of orange *juice under their belts,*" said an official.

Of course, it does make our meetings more business-like, *but all the same there is some*thing missing," he said with a tinge of regret. "Dried out, the Russian character just doesn't *seem to be what we always* thought it was."

"Hey—they haven't passed on the tax increase since I started filling up, have they?"

Advertising time

At the third stroke prepare for an advertising plug. From *the end of this month* British Telecom's speaking clock will enter the privatisation era by mentioning the name of Accurist *wrist-watches with* each of its 8,640 announcements every day.

The commercial link-up, first proposed by Accurist, will run iintially for a three-month trial period. It will be backed by a naional advetrising campaign by Accurist which, BT hopes, will revive the popularity of the speaking clock service—which is 50 years old in July.

The number of calls has dwindled to fewer than 240m a year from about 300m three years ago. BT believes one reason to be the spread of quartz watches, which are much more accurate than traditional wind-up models and need re-setting less often.

BT is not charging Accurist for thelpublicity during the tria period, but stands toearn some handy extra revenue if the service becomes a permanent feature.

The plugs would probably cost Accurist a six-figure sum annually.

Budget measure

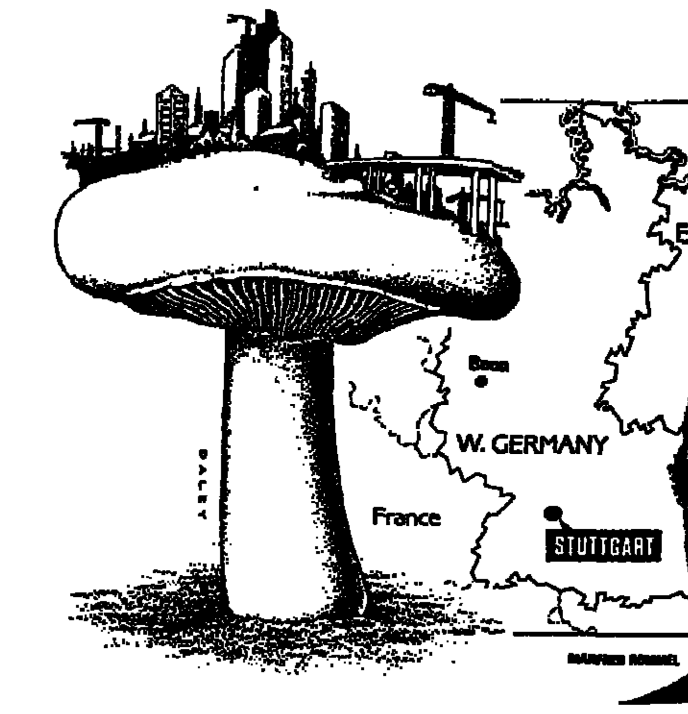
Heard from a woman in Harrod's yesterday: "I think *Rodney is happier with the* Budget than he was with the last one. He kissed me before he left for the office this morning."

Observer

Europe's growth cities

Stuttgart: Germany's job creation machine

By Rupert Cornwell



HAPPY INDEED are people who can tell jokes against themselves. "Have you heard how the Swabians invented copper wire?" Mr Manfred Rommel, the large and affable Mayor of Stuttgart, inquires with a grin. "By spending their time rubbing pfennig coins between their fingers."

The point of the story, relayed by the mayor in his office on the first floor of Stuttgart's city hall, is not the legendary diligence and stinginess of the Swabian inhabitants of the state of Baden-Wuerttemberg which it illustrates: nor even that Mayor Rommel possesses a sense of humour, a quality not always associated with his countrymen. It is rather that the Swabians, whose moral and physical capital Stuttgart is, feel able to make fun of themselves. For they and their city are indeed fortunate.

Stuttgart has become shorthand for most of what is best in the modern West Germany. "This place is doing what everyone *else wants to do. If you* look at what is right about Germany, then you see it under a magnifying glass here in Stuttgart," is how a local business consultant, less given to jest than his mayor, puts it. And who can disagree?

If West Germany is so obsessed today about its supposed "north-south problem"—the gap between an industrially ossified north and an entrepreneurial, booming south—Stuttgart is part of the reason.

The greater Stuttgart region, with a 2.3m population and encompassing the city and a constellation of smaller towns, is arguably the most advanced industrial showcase in the country. Everyone knows the names of Porsche, Bosch and Daimler-Benz. The presence of the car company and the German subsidiary of IBM in the town of Sindelfingen/Boeblingen 10 km to the south-west have made the community the richest, in terms of trade tax paid, in Germany.

But Stuttgart's sinews are its small and medium-sized companies, often family owned, which excel in precision engineering, machine tools and electronics, where the brainpower is at least as important as industrial brawn. All are permeated by the ancient Swabian virtue of *Tueftlertum*, an untranslatable word meaning roughly a dogged inventiveness, a determination to find an answer to any problem.

Success has bred success. Baden-Wuerttemberg accounts for a quarter of all R and D spending in Germany. The Government spends 40 per cent of its own research budget there. Mr Lothar Spaeth, the state's forceful Prime Minister, claims that four out of every 10 new jobs in Germany last year were created there. Stuttgart's unemployment rate is half the national level of 10 per cent. *In Sindelfingen/Boeblingen* it is just 3.6 per cent.

One back-handed compliment to all this is a tough union movement, spearheaded by a particularly *militant* branch of the IG-Metall engineering union, which has no doubts about how reliant the country as a whole is on the special skills of Stuttgart.

"If 20,000 people here strike, they can paralyse German industry," comments a local industrialist. For proof, one need look no further than the selective disruption during the engineering strike of summer 1984 in quest of shorter hours, centred largely on Stuttgart, which quickly brought car production to a virtual standstill.

It was not always like that. Until late in the 19th century the city, seat of the dukes and kings of Wuerttemberg, was little more than an administrative and cultural centre. Most people lived on the land: industry consisted mainly of iron working and textiles. The breakthrough can be dated at July 3 1886, when Carl Benz first drove his patent three-wheel motorcar—an example of *Tueftlertum* if ever there was one—through Stuttgart's streets. The rest, as they say, is history.

But the city has also profited considerably from an extraordinary ability to blend academe and industry. "A lot of intelligence used to be channelled *into philosophy* and science, but the next generation went into industry," is how Mr Berthold Leibinger, president of the Stuttgart Chamber of Commerce, explains it. As a director of Stuttgart's Bach academy and head of the Trumpf machine tool company, he is well placed to judge.

"This intellectual curiosity and imagination turned into technological innovation. I run a company and have some engineering patents to my name. I know my cultural background has helped a lot with my job," says Mr Leibinger.

Mr Spaeth himself has built a political ideology around the need to harness the resources of Baden-Wuerttemburg's nine universities to industry. His writings on the subject amount to a small publishing industry, while he has appointed a "state commissioner for technology transfer" to push the cross-fertilisation further, in charge of 16 "transfer centres" where industry can gain access to the fruits of research.

> This place is doing what everyone wants to do. If you look at what is right about Germany, then you see it under a magnifying glass here

But the prospects of jobs and *high national profiles* of Mr Spaeth and Mr Rommel are not the only reasons why Germans consistently vote Stuttgart second among the cities where they would prefer to live (top of the list comes the other southern metropolis of Munich).

Its setting is incomparable among German cities. The hills around, the roads that wind down them, and the vineyard which stretches almost to the side of the central railway station gives the place the feel of softer lands to the south. Like Swabians and their wealth, Stuttgart hides its industry well.

Amenities too have blossomed with the wealth. True, the savings rate (16 per cent) is above the national average, but the Swabians are visibly less thrifty than they were. No longer, jokes Mr Wolfram Schwinger, director of the Stuttgart Opera, "*do they drive* their Mercedes 500s to the edge of the city, and continue to work on public transport."

Even the traditional animosity towards flashy, Catholic Munich is waning, despite the fact that Munich exports even more of its output than does Stuttgart, self-styled "partner to the world." That claim is borne out by the *procession of foreign delegations* trooping through the doors of the chamber of commerce in search of investment, technological aid, and export opportunities from the barons of Wuerttemberg industry.

The old joke about the best prospect of entertainment in Stuttgart being the fast train to Munich is heard no more. "The city is so much more habitable now," argues Mr Wilfried Seidler, representative at the British Marketing Office for Advanced Technology, which since January 1985 has replaced the former consulate.

"It used to be an uninspiring heap of buildings, dead in the evenings and utterly provincial in its cultural activity. But in the 24 years I've lived here, it's changed into a metropolis."

Of the city's DM 3.1bn budget, DM 140m goes on the arts. At least as much again is provided by the Baden-Wuerttemberg state government. The fruits include one of the finest ballet companies in Europe, a state theatre restored to its original 1912 classical-cum-art nouveau splendour with DM 50m of public funds, and a futuristic modern art gallery, costing DM 89m, which when it opened in 1984 was the architectural talk of Germany and beyond.

Today the museum, designed by the British architect James Stirling, is one of the most frequently visited in the country.

Even so Stuttgart, which has never favoured the hard sell anyway, has not abandoned its old habits. Indeed, why should it? Nobody wants Munich's glitz. Stuttgart is instinctively clubby and proud of itself. "We have no need for charlatans here," says Mr Thomas Loeffelholz, editor of the Stuttgarter Zeitung newspaper "The Swabians want continuity."

In their politics they have it. Mr Rommel, a Christian Democrat and best known abroad as the son of a wartime field marshal, is only Stuttgart's second mayor since 1945. He is in the middle of a second eight-year term which runs until 1990. At state level it is the same. The wealth of the region, its specialisation in high technology industries and the liberal professions, means that the Free Democrats, close to small business, and especially the Christian Democrats dominate.

Spaeth won an absolute majority at the last *Land* election in 1984. "The CDU is as unlikely to lose here as the CSU (of Mr Franz-Josef Strauss) is in Bavaria," is an observation that is commonplace.

There are drawbacks of course though most are those of success. The traffic (there is almost one car for every two of Stuttgart's 550,000 inhabitants) can be *appalling*: geography makes the construction of highways difficult. Geography also means that the city centre, *enclosed by hills, can be stiflingly* hot and sticky in high summer.

Businessmen complain about the inadequacy of the airport, although Lufthansa is soon to introduce a direct daily link with New York. Housing too is scarce and expensive, not least for the executive moving to the city. One recent arrival remembers how his house in Bonn, the capital, cost DM 480,000. "You'd have to pay DM 1m for the same thing here."

Mayor Rommel would also like to reverse the drain in population from the city. In 15 years it has lost 75,000 inhabitants who now prefer to live outside and commute. One-fifth of those who are left are foreign, a proportion second only to Frankfurt in West Germany proper.

The likelihood is that jobs will remain plentiful. One economist says: "Right now there's a shortage of qualified labour, be it skilled tool operators or good secretaries. Honestly, I can't see how that's going to change in the short run. As long as West Germany does not go bang, then we will stay up at the top." Or as Mr Leibinger puts it: "In today's world, Germany must use well educated people to produce high value-added goods. And that is exactly our strength."

This is the second in an occasional series on Europe's growth cities.

Financial Services Bill

An essential amendment

By Anthony Nelson, MP

STANDING COMMITTEES on Bills proceeding through Parliament often display two characteristics: the Government, with its built-in majority, gets its way; and MPs on the Government side, in order not to inhibit progress, are disinclined or even discouraged from speaking.

The Financial Services Bill, which is completing its Committee Stage in the Commons, defied convention in both respects. True, the Government got its Bill through largely intact, thanks to the able pilotage of Michael Howard, the Minister responsible. But significant amendments were passed and assurances given at the instigation of Conservative MPs on the committee to ensure that investor protection was firmly entrenched in law.

One such amendment gave statutory recognition to the Securities and Investments Board. Because of the uncertainty that has ensued about the purpose and implications of this change some explanation of its objective is necessary.

First let me explain what it does not do. It does not establish an American-style Securities and Exchange Commission; arguably it stands as a bulwark against such a possibility by making it less easy for a future government of different political persuasion to sweep aside a more fragile and discretionary framework of supervision.

Secondly, it does not undermine the principle or practice of self-regulation and the flexibility this will allow to enable markets and practitioners to respond to changing circumstances. This is still provided for in the structure of Self Regulating Organisations which will enjoy significant degrees of authority and autonomy.

What the amendment does is to identify the SIB in law as the only body to which the Minister can transfer powers. *In doing so it gives the SIB the* statutory authority and a greater responsibility to exercise those powers. There are political and practical arguments for this.

First, public and City opinion has moved markedly on this issue in recent times. Many experienced and responsible practitioners now see some form of statutory supervision as not just inevitable but desirable.

Secondly, this amendment was passed with support from all the major parties. If the financial services industry is to conduct its business secure in the knowledge that the regulatory framework enjoys all-party support rather than with the possibility of repeal, Parliament surely has a responsibility to enact law which enjoys the maximum consensus.

Thirdly, if international markets are to compete on a free and fair basis there is something to be said for establishing a similar system of regulation to that adopted in other countries.

Fourthly, the SIB can only exercise certain essential powers of supervision and regulation reserved for the Secretary of State if it is a statutory rather than a private sector body.

Most members of the public who follow these matters assumed that the framework of investor protection would provide adequate powers of investigation, enforcement and prosecution. *But the Bill falls* short on what is needed because the Government was not prepared to give such powers to a private sector regulator. Now that the SIB is a recognised statutory body the way is clear for it to be given these powers which the Minister has seen fit to confer on himself in the Bill.

The most respectable arguments against the change are that the SIB might be less accountable or find it more difficult to hire the right expertise. Both arguments are defective as the SIB would remain accountable to the Government who could if it saw fit change either the composition of the SIB or its remit. Moreover, there is no reason why the SIB cannot fix salaries for its staff, in the same way as the Audit Commission for Local Authorities.

The Government has said it intends to try to reverse the amendment during the Report Stage. There is, however, time for ministers to change their minds and perhaps learn from the example of the Lloyd's Act that what appears sufficient at the time may prove inadequate with hindsight.

The author, Conservative MP for Chichester, is a member of the Financial Services Bill Standing Committee.

Letters to the Editor

An excess of litigiousness

From the President, Institute of Chartered Accountants in England and Wales

Sir, — Your leader of March 12 correctly identified the dire consequences of an excess of litigiousness. This is, as you said, a disease which threatens to sap the economic vitality of the US.

The British Government would do well to learn from the American experience. Professionals practising in this country are already finding that insurance cover is drying up, and the Government's plans for regulation of the financial services industry could be in jeopardy. Auditors are being asked to take on more and more onerous reporting responsibilities, and thereby to take on greater potential liability. Their exposure is being increased, yet many are finding that no more insurance is available. Without a ceiling on their liability, some are sure to follow the example of America's doctors and confine their activities to less-complex areas.

Brian Jenkins.
Chartered Accountants Hall, Moorgate Place, EC2.

Scrapping costs

From Mr S. McKenna

Sir,—Mr Watts (March 17), comparing costs of coal and nuclear derived electricity, rightly points out that no market exists for second-hand nuclear reactors. Could this be connected with the very high expected costs of de-commissioning when encapsulation of entire buildings in concrete or posting armoured guards for the next few centuries are the only practical ways of dealing with these radioactive legacies?

To extend his analogy with cars, would Mr Watts consider ordering his next new car if *he were advised that the exact* cost of scrapping the vehicle is currently unknown and will certainly cost more than the new purchase price?

Stewart McKenna,
Isis Energy Conservation,
50 St Mary's Street, Edinburgh.

Whose surplus is it?

From Mr P. Meins

Sir,—Your report of the judgement in the Imperial Foods pension scheme case (February 25) raises questions about both the existence and the ownership of surpluses in pension funds.

According to the judge the surplus in this case was only "notional" and "temporary" and it was not appropriate to apportion it when the pension fund had to be split, following the sale of a company in the group scheme. No surplus therefore needed to be transferred and the full amount was retained in the on-going Imperial Foods fund.

Despite the judge's view of surplus I imagine that the rapidly growing band of companies presenty enjoying contribution holidays would regard surplus in a somewhat different light.

In an earlier celebrated case a judge chose to place actuarial evidence in the same category as astrology. I do not think the same principle was being applied in the present case, but for my part I shall continue to warn my corporate clients not to enter into purchase agreements until pension matters have been addressed, and *particularly as to the* destination of any surplus.

P. G. Meins
(Director, Actuarial Services),
Coopers & Lybrand Associates.
Plumtree Court EC4

Low price French electricity

From Mr D. Ross

Sir,—You are being unfair, unintentionally I am sure, to our, electricity supply industry when you refer (March 5) to the "*cheap electricity*" which we shall be importing from France, without recording how the low price is achieved. Electricité de France trades at a loss, and has debts which put it almost in the class of a Third World subsistence economy. It owes FFr 200bn, equivalent to the cost of 20 reactors, and it borrows FFr 30bn annually. Its foreign borrowings stand at *FFr 80bn.*

The French Government has secured its foreign loans. By contrast, the British Government requires our own Central Electricity Generating Board and the South of Scotland Electricity Board to trade in the black and they have succeeded magnificently in recent years.

The export of subsidised French electricity to this country is dumping, a practice usually frowned upon by upholders of commercial probity.

David Ross.
55 Ruskin Park House, Champion Hill, SE5.

Who is backing Britain?

From Mr A. Price,

Sir, — Just who is backing Britain and in particular Britain's manufacturing industry? We often hear the union's view that the relaxation of exchange controls has led to a flood of private money going abroad *which should be in* British industry. But where do the trade union pension funds invest? Are they backing British industry? I am sure that if they took a positive lead, then the private sector would follow.

It is no use pleading that their funds are managed at arms length by advisors. They could and should direct their funds into backing Britain. But are they?

A. J. M. Price,
Arthur Price, & Co, Britannia Way, Lichfield, Staffs.

Frightened of a world of free exchange rates

From Mr D. Gilling-Smith

Sir,—Everything has its price, including money, and the proper price for any currency is what *it will fetch in a free market* subject to minimal distortion from politicians seeking to cook the books.

The Prime Minister is right to *resist the lobbying from the* chorus of faint-hearted, wets, some misguided members of the CBI seeking a short term commercial advantage, and, I *am sad to say, your* leading article of March 6.

Aristotle defined money as a measure of demand. In the economic folklore of succeeding *generations and behind the* stockades of national thinking Xreja has been translated to suit the thought patterns of those who fear the truth of an objective measuring system as much as they fear the reading on the bathroom scales first thing in the morning — hence platitudinous abstract phrases such as "measure of value."

Much of the Western world has still not recovered from the disastrous era of fixed currency parities ushered in by the ill-fated Bretton Woods conference, when a group of tidy minded second rate bankers thought they could make life easy for themselves by fixing parities for all time. Has anyone tried to put a figure on the cost to the British economy of the *stop-go policies resulting* from balance of payment crises resulting from the misconceived policies of Bretton Woods?

One country that had the good *sense to stay aloof from the* Bretton Woods nonsense was Switzerland. The strength of the Swiss franc as against the US$ and £ and every other currency (*we used to get SFr 12* and now get less than SFr 3 for a £) has many inputs, but one is the willingness to face reality implicit in the mental honesty of a nation that refuses to have its currency books cooked by some supranational quango.

Furthermore, the supposed exchange rate stability of an outfit like the European Monetary System is illusory. The differential inflation rates between Germany and France means that every so often there will be a lumpish change. Instead of watching the financial markets on a day-to-day basis the speculators watch the politicians. They know that a French Socialist Government will not devalue just before a national election so they play their *game of advance and retard on* currency conversions on the assumption that a new government will have to devalue soon after the election. The pattern has been repeated *ad nauseam*. At worst the cronies of the decision making politicians have lined their pockets. Even without this, currency adjustments *become matters* of national pride which in themselves have a distorting effect on the free market in money.

One suspects that the UK Government *committed to the* restoration of a free market economy (which implies a free market in money as well as everything else) is currently having to contend not *only* with the exponents of the alternative dirigiste philosophy but of those supporters who went along with free market ideas because they were fashionable and because they were fed up with socialism, but who are as *frightened* of *opening* their eyes to the realities of a world of free exchange rates as they are to the realities of unfettered Sunday shopping. They need *educating*.

The case against EMS is not that the UK might gain or lose a short term exporting advantage, but simply that giving a country a *distorted* (i.e., government or outside quango fixed) exchange rate is like compelling a doctor to use a thermometer that only shows the temperature that some external administering authority thinks the patient ought to have. The consequences can be bad for the doctor's learning curve and disastrous for the patient. Let us have no more special pleading for the exchange rate follies of EMS.

Dryden Gilling-Smith.
EBS (Management).
38 Finsbury Square, EC2

FINANCIAL TIMES

Thursday March 20 1986

Philip Stephens in London examines a new phase in world monetary co-operation

Group of Five starts to act as one

A YEAR AGO the idea of concerted intervention on currency markets followed by co-ordinated cuts in interest rates would have been dismissed by most central bankers as at best wishful thinking.

Since last September's meeting of the Group of Five (G 5) leading industrial nations in New York they have managed to orchestrate both. Even the most pragmatic among a traditionally arch-conservative club have begun to talk publicly about the possibility of a new era of international monetary co-operation.

The expectations of the financial markets, however, have run ahead at an even faster pace. The greatly enhanced co-operation of recent months has encouraged speculation that the industrialised world could be *moving towards a formalised* synchronisation of exchange and interest rates.

Now, in the run-up to a series of major international meetings beginning next month, some of the key players on the international monetary scene are cautioning against the idea of any dramatic new initiatives.

The meetings begin in Washington at the interim committee of the International Monetary Fund, transfer to Paris for ministerial talks at the Organisation for Economic Co-operation and Development and culminate in the Tokyo *world economic summit* on May 4.

On the sidelines finance ministers and central bank governors of the G 5 (the US, Japan, West Germany, France and Britain) will review the impact of the sharp fall in the dollar's value and the possible scope for further cuts in interest rates.

Part of the discussion is likely to focus on whether governments should seek to move to a system of target or reference zones for exchange rates, an idea formulated by the outgoing Socialist administration in France.

Although the idea was rejected in a comprehensive study published by governments last summer, the New York agreement and the conversion of the US Administration to an interventionist exchange rate policy have put it back on the agenda.

Mr Jacques Attali, a special counsellor to President François Mitterrand with responsibilities for monetary affairs, recently detailed a four-stage plan which would lead to target zones for the dollar, yen and European currency unit (Ecu).

Senior officials in other European countries, notably Britain and West Germany, are far from convinced, however, that the time has come to move to exchange rate targets.

Mr Karl Otto Pöhl, president of West Germany's Bundesbank, is optimistic that next month's talks will further strengthen co-operation between the rich nations. He points to the lead given by the Bundesbank in the latest round of interest rate cuts as evidence to West Germany's commitment to such policy co-ordination.

He is sceptical though over whether it would be practical or desirable to seek a formal system of target zones for exchange rates. Greater exchange rate stability, he said, was a universally shared goal – rather like good weather. But some of the advocates of target zones were overlooking both the advantages of floating rates and the difficulties of moving to formalised targets.

The flexibility of floating exchange rates, for example, allowed Europe to decouple its interest rates from the US when the dollar was rising in the early 1980s. In the previous decade the same flexibility allowed West Germany to stick to a tough anti-inflation policy while prices elsewhere were soaring.

"We think it is not possible and *not advisable for us to commit* ourselves to any kind of fixed exchange rate ... Of course we can discuss certain targets, certain reference zones, whatever it is, but I would not accept any commitment to defend a certain exchange rate," Mr Pöhl said.

Britain, which appears to be playing an increasingly back-seat role in international monetary affairs, is even more sceptical. Despite the increasing emphasis placed on the exchange rate in monetary policy, sterling's buffeting over the past year in response to lower oil prices has left Mr Nigel Lawson, Chancellor of the Exchequer, unconvinced of the virtues of formal exchange rate targets for the world's major currencies.

Yesterday's UK interest rate cut leaves its borrowing costs still at a level considerably higher than those of its competitors.

The closer co-ordination of exchange rate policies has also not been without its problems. When the dollar was at its peak, it was easy for governments to agree that it must fall substantially. Now, with the US currency worth around 20 per cent less, there are strong undercurrents of disagreements about how far and how fast it should decline further.

US officials have talked about another fall of between 10 to 15 per cent, but it is clear that Japan would prefer the U.S. currency to stabilise at around present levels. Earlier this week Mr Noburu Takeshita, Japan's Finance Minister, hinted at the possibility of unilateral intervention by the Bank of Japan if the dollar continued to slide.

There are also suspicions within Europe as to how long the new mood of co-operation in Washington might last. "The problem is that US policy is dictated primarily by domestic considerations. A change in circumstances could easily prompt a US retreat into isolationism," one senior European monetary official commented.

There are also differences about the scope for further cuts in interest rates. Key figures in the US administration favour further reductions in Europe and Japan, but the Bundesbank, for example, is concerned about the build-up of liquidity in the major industrial economies.

Virtually every central bank has been *overshooting* its monetary targets, a trend reflected in the recent surge in stock market prices throughout the world. The inflationary potential has been offset by the collapse in the world oil price, but there is concern that lower fuel costs will provide only a once-and-for-all offset.

Against that background central bankers see the potential for further pragmatic co-operation and do not rule out further reductions in interest rates later this year if they are consistent with monetary targets.

"I expect a further impetus, further incentives for closer international co-operation ... but I don't expect any spectacular decisions, which would lead us to a new world monetary system. That's not realistic," Mr Pöhl said.

Writing on wall for bad Chinese characters

By Robert Thomson in Peking

NOW THAT the anti-spitting campaign has dried up and the drive against dangerous cycling has slowed, pre-pubescent Chinese children are roaming the streets of Peking in "wrong-character correction teams" *looking for sloppy* calligraphy.

The crackdown on bad writing is being led by the Young Pioneers, some of whom are giving their parents dictation tests in an attempt to raise calligraphic consciousness. Others are scouring the streets for public signs with "bad characters".

The use of children in the campaign follows a widely publicised letter written by a school class condemning excesses by officials. For some Chinese, it stirs bitter memories of the marauding bands of children, inspired by Chairman Mao, who wrought havoc during the 10-year cultural revolution.

Membership of the Young Pioneers, a primary schoolchildren's organisation guided by the Communist Party, was made compulsory last year, so about 500,000 little activists have been mobilised for the "let the spring wind drive away wrong characters" campaign.

They have been handing out pamphlets advising people on the correct form of characters and, with dictionary in hand, questioning shopkeepers about the strokes they use on price tags and shop signs. In the past week, the pedantic Pioneers, who wear distinctive red *scarves around their necks, claim to* have found 40,000 wrongly used characters.

The deputy director of the Young Pioneers Action Committee, Li Lu, 32, claims that the children are ensuring that Peking will remain the cultural centre of China. "In recent years we have improved the quality of sanitation and service in our retail establishments. Now we have to clean up the linguistic atmosphere."

According to the Chinese news agency, Xinhua, the city's vice-mayor, Jin Jian, has offered words of encouragement, calling the incorrect use of characters "cultural rubbish," which he hopes the children can help to sweep away.

Such campaigns are supposed to increase the children's sense of "social responsibility," but their parading through factories and offices telling workers how to write is more disruptive than anything else.

A more useful drive to clean up the language has been undertaken by the recently formed State Commission of Language Planning, which aims to ensure that "all Chinese will speak the same tongue by the year 2000."

The written language, which originated about 3,000 years ago as a series of drawings, was simplified through pruning strokes by the Communist Government in the 1950s in an attempt to aid literacy.

A second attempt at simplification was made in 1978, when 800 characters were designated for pruning, but the move so angered older Chinese, who were unable to understand the new script, that the Government was forced to discard the idea.

Another problem, one the Young Pioneers are apparently trying to eradicate, is calligraphy created by advertising companies and shopowners who have become more adventurous in recent years in their attempts to attract customers.

Language purists have been shocked by such changes and by a "do-it-yourself spirit" among some Chinese who have tailored the language to suit themselves. Meanwhile, the Government appears to have dropped its stated goal of discarding the ideograms of characters in favour of a romanised script.

The aim, until recently, was to phase in the script (a romanised form, Pinyin, already supplements the characters) within a decade or so, but the State Commission of Language Planning now says the characters will "continue to be the nation's authentic written language for a long time to come."

THE LEX COLUMN

Stamping-ground for bulls

The unusual after-taste of unvalorised champagne did nothing yesterday to spoil the market's enthusiastic response to the UK budget.

Among predictable consequences, the cut in bank base rates actually doubled the ritual half-point that the markets would have been willing to put up with, while the shares *of banks and brewers* behaved with the abandon that follows an unexpected acquittal.

The extinction of the tap, well above the level at which it had been supplied the previous day, and a boom in almost everything but life companies and electronics, gave a promising start to the new era of share-owning democracy.

Less predictably the gilt-edged market is seething with thoughts of an early move to full sterling membership of the EMS. As a replacement for the lost discipline of domestic monetary targeting that would indeed make the gilt-economists' cup run over, and yesterday the strength of sterling under a base rate cut could be taken as evidence of shadow membership.

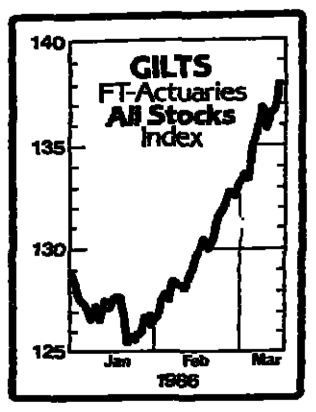
A pity then, that the Chancellor of the Exchequer's remarks on the subject were rather shorter of commitment than the market assumed.

The result of extending the incidence of stamp duty to bulldogs, loan stocks and ADRs was turmoil in the markets – both in London and New York. The 5 per cent impost on converting UK equities into ADR form immediately throttled the practice of packaging Wall Street's pet London stocks. It is rare for there to be the 5 per cent arbitrage opportunity that would make it worth creating any further bundles.

That was bad for the likes of Jaguar and ICI and it cast a cloud across the future of Wellcome shares, which had been marked out by hopeful US bankers as the next Glaxo.

The half-point stamp on domestic loan stocks bore sudden fruit in the Eurosterling market. Seeing UK gross funds as unwilling payers of duty in a secondary market, both ICI and 3i offered them stamp-free Eurobonds. For these investors, moreover, it appeared possible for the first time to issue long-dated paper without restrictive covenants.

In the bulldog market confusion reigned as to the application of the new levy. Was it immediate, or after the Bang? Did it start at the full 1 per cent and drop to half in October (or possibly March)? Nor was it clear which stocks were immune, *possibly the fault of the official* press release. And the very existence of bearer bonds came as news to some parts of the City.



Philips

After two years of steadily declining profitability, Philips looks set to recover strongly this year. The question, as usual, is how strongly. The Philips executives despatched to the four corners of Europe to present their 1985 accounts were happy enough to talk about working-capital ratios but reticent on their prospects in the US chip market.

It does seem that the two divisions, integrated circuits and home electronics, that helped cut 1985 net income by 17 per cent (to Fl 919m) should revert to profit in the course of the year.

The cycle of overstocking and price reduction appears to be rolling through the US integrated-circuit market while the appreciating yen will lift some of the competitive pressures from Signetics – as well as from the US consumer electronics business, which lost over Fl 200m last year.

Semiconductors will not suddenly revert to earning Fl 1bn a year again – or not, at least, without collapsing the next year. But the consumer electronics business should be profitable even before the consolidation of Polygram, which is in the enviable position of raising both prices and production in a booming market for compact discs. Philips' sales of CD players will be just as spectacular this year, even if they are still scarcely better than loss-leaders.

Throw in the gearing to cheaper borrowings and restructuring charges, and Philips would be doing poorly not to increase per share earnings (on its own accounting basis) by 30 per cent. The p/e ratio is scarcely into double figures. But the share price is held back by the bane of European multinationals – a large US shareholding selling out of an appreciating currency.

Rank/Granada

Given the obduracy of the IBA, Rank's withdrawal of its offer for Granada was only to be expected. If Rank had tried to keep its offer alive through the remaining period *of judicial review*, it might still have ended up waiting upon the IBA's consent, while racking up underwriting fees of nearly £1m per week. That was obviously not something that Rank shareholders could be expected to tolerate, whatever they may think about the cash expended so far. And the Takeover Panel's decision to offer Rank a new 21-day window in which to bid, if it were to get the chance, gives Rank the chance to get away without complete loss of face.

Unless the IBA undergoes an unforseen conversion to the cause of Rank, however, there seems little chance that Rank could make a successful bid without previously challenging the Granada articles of association. The suggestion in yesterday's formula, that Granada is still conditionally under offer, is unfortunate.

Morgan Stanley

Morgan Stanley's own share issue may turn out to be the best-timed deal it has ever done.

The strength of the New York market must have given Wall Street firms a spectacular first quarter and the indicated pricing by independent co-managers has risen to between \$54 and \$57 a share, more than 25 per cent above the initial range.

That still puts Morgan on a lower *rating than its peers. The final* price, due to be set tonight, will make the top partners paper millionaires. How generous of them to give priority in applications for the employees' portion in reverse order of seniority.

US growth only 0.7% in fourth quarter

By Reginald Dale, US Editor, in Washington

THE US economy grew at a sluggish *annual rate* of *only 0.7* per cent in the fourth quarter of last year, much more slowly than originally estimated, the Commerce Department reported yesterday.

The revised figure was 2.5 percentage points below December's original "flash" estimate of 3.2 per cent, which at the time was seen as disappointing.

The poor performance in the final *quarter brought growth for 1985* as a whole down to 2.2 per cent, the lowest since a 2.5 per cent decline in the recession year of 1982. The 0.7 per cent figure for the fourth quarter was the worst since a 0.6 per cent growth rate in the last three months of 1984.

Both government and private analysts said that the main reason for the downward revision was the deteriorating trade deficit, which increased by 19.7 per cent to a record-breaking \$39.5bn in the fourth quarter.

Many private economists are still hoping for a healthy upturn this year, *spurred by lower oil prices* and interest rates and the positive impact of the declining dollar on the trade balance. Some of them are now close to accepting the Administration's forecast of 4 per cent growth for the year as a whole.

The indicators, however, including yesterday's, are continuing to send mixed signals. The lower growth figures were accompanied by an encouraging inflation index, tied to the gross national product, which rose by only 3.6 per cent over 1985.

Other recent data has included gloomy unemployment and production figures, continuing bad news on the trade front, and lagging retail sales. The Administration, however, has already dismissed the economy's sluggish performance late last year as a temporary setback, and is looking for strong growth by the second quarter of this year.

Opec seeks non-members' help in effort to reduce oil output

BY RICHARD JOHNS IN GENEVA

THE ORGANISATION of Petroleum Exporting Countries (Opec) yesterday began talks with five non-member oil producers about their possible collaboration in a wider effort to cut global output as a means of boosting prices, which have *collapsed by nearly half since* December.

Chances of Opec gaining support from Mexico, Egypt, Oman, Malaysia and Angola in any substantive way seem slim because the first four, at least, have been producing far less than they expected at the turn of the year and have been committed to regaining market share.

That happens to be Opec's official policy, adopted in December but under increasing attack from members who have suffered from the collapse of prices and do not have the financial reserves of Saudi Arabia and Kuwait to cushion them.

The fact that Opec is still far from agreement on how much it should reduce its own output during the second quarter, let alone on the *sacrifices individual members should* undertake, could make the joint consultations something of a futile exercise in the short term.

In the longer term discussions with the five non-members could prove an important precedent.

Meanwhile the prospects of a protracted meeting which might not improve confidence in Opec's waning ability to administer prices could be a damaging blow to producers worldwide.

Experienced delegates in Geneva yesterday were reconciled to a conference dragging on through the coming weekend, with a duration *perhaps as long as the one in London* in March 1983 which resulted in an agreement on quotas among the 13 under a ceiling of 17.5m barrels a day (b/d) which was subsequently reduced to 16m b/d in October 1984.

This ministerial conference was becalmed yesterday in a Sargasso Sea of uncertainty and indecision.

The basic cause of paralysis in what seemed to be a surreal, if not nightmarish, situation remains the disproportionate share of collective output conceded to the four states of the Gulf governed by hereditary regimes under the output-sharing pact of 1984.

Saudi Arabia, despite a statement issued from Riyadh on Tuesday showing concern about reaching an accord designed to increase prices, still seems ambivalent about reaching a deal, prompting speculation that it wants to "punish" – not a word ever used by the Kingdom – some producers before agreeing to cut its level of output.

Nevertheless a sincere effort was being made by most delegates to work towards a compromise. Mr Javier Espinoza Teran, Ecuador's Minister of Energy, said: "There is a general consensus, among Opec and non-Opec (producers) that we have to reduce our production to a level necessary to restore prices."

His Government happens to be one deeply unhappy with the 1984 quota and determined to change it.

More belligerently, the Iraqi chief delegate suggests that his country, which is engaged in a bitter war of attrition against Iran, a fellow-member, would not be restricted.

In practice the majority are said to believe that a cut of 2m b/d is necessary and are looking to willing non-Opec producers – having re*signed themselves to the refusal of* the UK and Norway to co-operate – to undertake 500,000 b/d or so of whatever is required.

Yesterday evening a committee made up of chief delegates from Venezuela, Indonesia, the United Arab Emirates, Nigeria and Libya was meeting with the five non-member producers.

Angola, with only a small output of about 220,000 b/d, which is produced by Chevron since its takeover of Gulf Oil, was a surprise participant. It made up for the absence of Brunei, which was expected to send a representative but did not.

Apart from Angola, which expressed its readiness to co-operate with Opec, freedom of manoeuvre of other non-Opec members represented seems very limited.

Mexico, with its debt problems, has seen its export sales drop in the first two months of 1986 to about 1.1m b/d compared with the maximum of 1.5m b/d set with the health of the oil market in mind.

Malaysia earlier this year saw its output fall to about 400,000 b/d and the Government had planned to increase it as soon as possible to 510,000 b/d.

Egypt says that its output is running at about 700,000 b/d, well below its ceiling, but it is reliably reported to have averaged 100,000 b/d below that recently compared with domestic consumption of 450,000 b/d.

Oman, a member of the Gulf Co-operation Council which groups conservative Arab oil states of the region, has been producing nearly *500,000 b/d. It has said it would be* prepared to cut output if other producers did also but has been forced to slash budget appropriations and also ask the deferment of the delivery of Tornado aircraft from the UK.

Another important player in this scenario is the Soviet Union. Sheikh Ali Khalifa al Sabah, Kuwaiti Minister of Oil, returned from Moscow in February with fairly encouraging reports on the Kremlin's concern about price maintenance. He reported that Moscow was unlikely to increase exports in the next three years or so.

● *A change in Norway's petroleum* tax rules is in preparation and will be announced this autumn "at the earliest" Finance Minister Rolf Preathus said, **reports Fay Gjester in Oslo.**

He said the aim would be to maintain total revenues at about the present level. Concessions to encourage the development of marginal fields would be balanced by boosting taxation on the most profitable ones.

Meanwhile a number of prominent Norwegian economists and politicians, including Mr Hermod Skånland, governor of the Bank of *Norway, have been urging the Gov*ernment to order oil output cuts to conserve reserves while prices are depressed.

Skånland, who advocates freezing oil output at the 1985 level, said ways could be found of compensating the oil companies affected for the cash flow decline.

World Weather

		°C	°F
Ajaccio	F	14	57
Algiers	C	15	59
Amsterdam	S	13	55
Athens	S	14	57
Bahrain	S	25	77
Bangkok	S	35	95
Barcelona	R	10	50
Beirut	R	18	64
Belfast	S	9	48
Belgrade	C	4	39
Berlin	S	11	52
Biarritz	F	12	54
Bombay	S	30	86
Bordeaux	F	12	54
Brussels	S	14	57
Budapest	C	8	46
B. Aires	C	20	68
Cairo	S	21	70
Cape Town	S	26	79
Caracas	C	28	82
Casablanca	C	17	63
Chicago	C	3	37
Cologne	S	14	57
Copenhagen	S	6	43
Corfu	S	13	55
Dallas	C	6	43
Dublin	S	9	48
Dubrovnik	S	11	52
Edinburgh	S	9	48
Faro	F	17	63
Florence	S	15	59
Frankfurt	S	12	54
Funchal	C	17	63
Geneva	R	8	46
Gibraltar	S	20	68
Glasgow	F	8	46
Guernsey	S	8	46
Helsinki	F	4	39
H. Kong	C	19	66
Innsbruck	C	9	48
Inverness	S	9	48
Islamabad	F	20	68
Istanbul	F	7	45
Jakarta	S	31	88
Jersey	S	8	46
Jo'burg	F	23	73
Lima	S	25	77
Lisbon	F	14	57
London	C	8	46
Los Angeles	F	10	50
Luxembourg	S	10	50
Madrid	F	13	55
Majorca	D	13	55
Malaga	S	21	70
Malta	F	17	63
Manchester	S	9	48
Manila	S	35	95
Melbourne	S	23	73
Mexico City	S	28	82
Miami	S	24	75
Milan	S	9	48
Montreal	R	3	37
Moscow	S	8	46
Munich	S	7	45
Nairobi	F	27	81
Naples	F	16	61
Nassau	S	27	81
New Delhi	S	23	73
New York	C	11	52
Nice	C	13	55
Nicosia	R	17	63
Oporto	F	13	55
Oslo	S	2	36
Paris	C	10	50
Peking	F	10	50
Prague	S	8	46
Reykjavik	C	-1	30
Rhodes	S	16	61
Rio de J'o	S	39	102
Rome	F	13	56
Salzburg	S	13	55
San Francisco	F	9	48
Seoul	C	2	36
Singapore	F	28	82
Stockholm	S	7	45
Strasbourg	S	14	57
Sydney	F	27	81
Taipei	C	19	66
Tangier	C	17	63
Tel Aviv	F	17	63
Tenerife	F	21	70
Tokyo	R	8	46
Toronto	R	10	50
Tunis	C	17	63
Valencia	F	14	57
Venice	F	9	48
Vienna	S	7	45
Warsaw	S	8	46
Washington	C	8	46
Zurich	C	8	46

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Oil groups face new Brent losses

A NUMBER of leading oil companies are faced with unexpected losses of as much as \$100m, as a result of a *further breakdown* in the troubled forward market in Brent, the main North Sea crude, writes **Dominic Lawson in London.**

It is alleged that companies associated with Gatoil, the Swiss oil trading group, have not taken possession of about 10 March cargoes – equivalent to 6m barrels – of Brent crude, which they had contracted to buy at prices much higher than those now prevailing.

The contracts to take delivery of Brent for this month were entered into in previous months, when the oil price was much higher. Since January the price *has halved from* \$28 to \$14.

Oil groups such as BP, Shell, Esso, Conoco and Sun Oil had made commitments to buy the oil, and then sell it on to companies associated with Gatoil, *in some cases at* prices well above \$25.

But the companies associated with Gatoil did not take delivery of many of these cargoes this month, leaving the sellers to take the oil and absorb the losses. As most of the companies left holding the oil are major refiners, there has been no problem in disposing of the oil.

In February Gatoil caused a furore when it refused to take possession of a number of North Sea cargoes on which it said the contracts were invalid. But in the present case it is believed that the companies in the chain selling to Gatoil have behaved correctly.

Mr Bob Reid, the chairman of Shell UK, warned yesterday that the forward market in Brent needed to see new, tougher contract terms *before liquidity could* return to the market.

A further dampener on the Brent market is the suit filed in New York by the oil trading company Transnor (Bermuda). Transnor has accused Exxon, Shell and Conoco of anti-trust violations through the alleged use of the Brent market to reduce their tax liabilities on North Sea production.

Mr Reid said yesterday that he took the Transnor allegations very seriously, but that Shell would probably claim that US anti-trust legislation could have no jurisdiction over Shell UK.

Shell results, Page 28

JOBS

The real rules of the management jungle

BY MICHAEL DIXON

"WHAT right do you have to talk about management? How many people 'd'you manage yourself, for instance?"

If the Jobs column had a fiver for every time those questions had been chucked at it, its creditors would be less neurotic. The questioners are usually doleful men with twitchy thumbs. They tend to look triumphant on hearing that I manage nobody, evidently believing it is necessary to be a manager to have a right to opinions about management. But they are surely wrong.

While I may not have managed anything—which is a blessing to all unconcerned—I have been managed for a full 35 years, sometimes remorselessly. That qualifies me to talk about management as a consumer, which is a valid perspective even though it differs from the supply-side view.

It is also far less often written about. Very few of the millions of words published on the activity fail to offer a dignified description from a supplier's angle.

But today the balance of opinion has at last been somewhat redressed by a snappily produced book assembled by the Arthur Young International group. Called "The Manager's Handbook," it is published at £9.95 by Sphere of 30-32 Gray's Inn Road, London WC1X 8JL. It should be required reading for any aspiring managers who suppose the jungle they are entering is neutral, let alone friendly. It makes clear that, from the start, they would be liable to get more mercy from a cageful of Bengal tigers.

Here's what it says, for example, about reading job advertisements and recruitment brochures:

"Such ads tend to glorify the company, the job and the person needed to fill the post. You need to find out much more about a company you are considering joining.

"Talk to friends, colleagues, people who have left the company and, if possible, those who are currently working there. You might pick up some company gossip from the local bar. Keep your eyes and ears open to the media and especially the pages of the financial press."

Besides warning its readers to turn a sceptical ear to anything said by an organisation that might want to employ them, the book provides terse outlines of the various skills required by management work. But it does not stop short at the usually mentioned activities, such as forecasting and planning, organising, commanding, co-ordinating and controlling.

It emphasises that, while proficiency in tasks like those may well come in handy during a managerial career, they are less important than skill at politicking.

"If you are unprepared to graduate in this obscure science, forget the walnut panelling and the Rolls-Royce, they will never be your natural environment," it declares, before going on to give a wealth of specific tips. A few of them are:

Keep your own counsel; be wary of trusting others unless you are sure of your trust.

Develop a grapevine which provides access not only to "moles" who feed you reliable tittle-tattle but also to "mouths." These are "people in whom the possession of a secret creates an irresistible urge to communicate. They are useful when your views will be found more credible if received indirectly."

Keep close to the person whose job you may want—he/she often has a lot of say about a successor.

Never publicly deprecate your competitors for high office.

Discover the values of each level of the organisation and match your achievements to them.

Develop friendships with media people, but do not become their pawn. (This media person, for one, would be pleased to know you, mate.)

But there is also a warning that the most polished politicking may not be enough to get you to the top. The book says there is a question which truly canny candidates always ask themselves about any organisation. It is: Does an old boy net operate at senior levels and, if so, does your profile match those of the ruling class?

While the authors take a realistically jaundiced view of most aspects of managerial work, however, they still strike me as straying into naivety in some particulars.

One of them is their apparent belief that a person who is in the right job will find it satisfying in every respect. Take for instance their list of questions to ask yourself to find out if you are suited to your work:

A—Do you begin to feel anxious in the evening at the prospect of work the next day?

B—Do you talk obsessively to your partner (spouse) about your work or about a member of staff? Or are you unnaturally reticent about them?

C—Do you find yourself working late regularly . . . because you feel you need to impress or because you have been given, or taken on, too much work?

D.—Are you offhand or short-tempered with your subordinates or peer colleagues?

E.—Are you enjoying your job and clear about where it is taking you?

F.—Do you feel your boss is incompetent and that you could do his/her job just as well?

G.—Do you have pangs of envy when you hear your friends talk about their jobs, and what do you envy? Their freedom? Responsibility? Opportunity to travel? Salary?

H.—Are you sick of being delegated to and not delegating?

I.—Do you feel run-down or stressed?

J.—Have you had to give up hobbies or interests because of work?

Readers may care to check their answers to those questions against mine, which are: A in the mornings and afternoons as well. B both. C yes. D incessantly. E no. F no comment. G all of them and several more besides. H, I and J you bet!

Even so, my job profoundly satisfies me. That's what's so infuriating about it. And I daresay the same goes for most other people who share my luck.

Software start-up

HEADHUNTER Geoffrey King of Cambridge Recruitment Consultants seeks a sales and marketing director for the Huntingdon-based Mission group. The prime task will be to launch and develop a new subsidiary called Mission Software and make it as successful as the group's international business in the hi fi field.

Mr King says the initial products will include "a fully integrated accounting/manufacturing package, and an advanced report generator." That unfortunately leaves me unsure whether the latter product is an advanced generator of reports or merely a generator of advanced reports, but I suppose people qualified to do the job will know the difference.

They need also to have started and run a successful business of a comparable kind.

Salary and commission expected to reach £40,000-plus. The perks include a car.

Inquiries to Geoffrey King at 1a Rose Crescent, Cambridge CB2 3LL; telephone 0223 311316.

Gear for men

ANOTHER proven business developer, this time preferably from retailing, is wanted by recruiter Ann Willitts of the newly-formed Victoria Graham consultancy for a venture capital company she may not name. She therefore promises to abide by any applicant's request not to be identified to her client at this stage.

The recruit will be managing director of a chain of high street stores selling a range of menswear, mainly for leisure, which is reputedly wowing fashion-besotted males in the US. Having achieved the same in Britain, the recruit will be expected to extend into Europe. London is the initial base.

Salary at least £40,000. Car among negotiable other benefits.

Inquiries to Miss Willitts at Suite 12, 23 Brook Street, London W1Y 1AG; telephone 01-493 4467, telex 296617.

MORGAN STANLEY INTERNATIONAL

Morgan Stanley International is expanding its European equity research service and wishes to appoint two further specialists to be located in London.

The candidates sought will have:

- A minimum of 5 years analytical experience in one or more of the main continental European equity markets.
- A good command of at least 2 European languages including English.

As part of its strategic global diversification, Morgan Stanley is committed to the very highest quality of international company research and offers a stimulating environment and excellent remuneration to the right individuals.

Applications from the Continent of Europe are particularly invited.

Apply to: Joanna Williams,
Morgan Stanley International,
1 Undershaft,
London EC3P 3HB.

MORGAN STANLEY INTERNATIONAL

Dans le cadre de l'expansion de son departement de recherche sur les marchés d'actions européens, Morgan Stanley International recherche 2 spécialistes pour son bureau de Londres.

Les candidats devront disposer:

- d'un minimum de 5 ans d'expérience comme Analyste Financier sur un ou plusieurs marchés d'actions européens,

et

- d'une bonne maîtrise d'au moins 2 langues européennes dont l'anglais.

Afin de mener à bien sa strategie de diversification mondiale, Morgan Stanley International a décidé de publier un travail de recherche de la plus haute qualité sur les entreprises internationales et propose un environment stimulant et une remuneration excellente au candidat qualifié.

Les candidatures d'Europe continentale seront tout particulièrement appréciées.

Adresser à votre réponse à:
Joanna Williams,
Morgan Stanley International,
1 Undershaft,
London EC3P 3HB.

MORGAN STANLEY INTERNATIONAL

Morgan Stanley International breidt momenteel het beleggingsonderzoek in Europese aandelen verder uit, en wenst daarom nog twee deskundigen aan te trekken voor haar vestiging te Londen.

De kandidaten dienen te beschikken over:

- Minstens 5 jaar ervaring in de analyse van een of meerdere Europese aandelenmarkten.
- Een goede beheersing van tenminste 2 Europese talen, waaronder Engels.

Morgan Stanley beoogt, vooral in het kader van haar wereldwyde diversificatie, een hoogwaardige international beleggingsresearch op te bouwen en biedt daarom perspectief op een stimulerende werkomgeving en een uitstekende betalingsregeling aan de juiste individuen.

Met name sollicitaties vanuit het Europese vasteland worden op prijs gesteld.

Gaarne sollicitaties richten aan:
Joanna Williams,
Morgan Stanley International,
1 Undershaft,
London EC3P 3HB.

MORGAN STANLEY INTERNATIONAL

Als Teil seiner strategischen Diversifikation, hat sich Morgan Stanley zur Aufgabe gemacht qualitativ hochstehende internationale Aktienanalyse zu produzieren.

Aus diesem Grund erweitert Morgan Stanley sein europaeisches Aktienanalystenteam und moechte zwei weitere Spezialisten einstellen die in London taetig sein sollen.

Es werden folgende Anforderungen gestellt:

- Mindestens 5 Jahre analytische Erfahrung in europaeischen Aktienmaerkten.
- Perfekte Kenntnisse in Englisch und Deutsch und einer weiteren Fremdsprache.

Beste Arbeitsbedingungen und Verdienstmoeglichkeiten.

Bewerbungen an: Joanna Williams,
Morgan Stanley International,
1 Undershaft,
London EC3P 3HB.

Is Our Future Your Future?

SYSTEMS DEVELOPMENTS IN INTERNATIONAL BANKING

The ROYAL BANK OF CANADA is preparing for increased demands for automation for its branches and subsidiaries in the UK, Europe, Middle East and Africa. We shall be developing and implementing both IBM Mainframe and System 36 systems dependent upon the needs of each unit. Development projects involve the use of MVS, CICS and Cobol on the Mainframe and Cobol on System 36.

RBC Systems Limited is the wholly owned and expanding subsidiary responsible for these developments and our plans include the creation of an integrated banking system competitive with the best in the market to support the requirements of our banking units.

PROJECT LEADER

We seek an experienced, energetic professional to lead the development team. Aged about 30 with in-depth IBM background, the successful candidate could have experience with a software house or bank. Some travel, mainly in Europe, is envisaged.

REMUNERATION PACKAGE
CIRCA £24,000 PLUS COMPANY CAR

ANALYST/PROGRAMMERS

We shall select high-calibre staff to join the team on the basis of their professionalism, experience and potential. IBM mainframe and/or System 36 experience is essential and previous involvement in banking systems highly desirable. A healthy appetite for hard work is expected.

REMUNERATION PACKAGE
CIRCA £22,000

Opportunities for career development are excellent and terms and conditions of employment first class.
Please write in first instance, with full c.v., to:
M. L. Phillips, Manager — Administration
RBC SYSTEMS LIMITED
137 Stamford Street, London SE1 9NJ

Leading Investment Group

UK Fund Manager

Small/Growth Companies

Our Client, a major City Investment House with a highly successful stable of UK and international Unit Trusts, has asked us to assist with the recruitment of a Fund Manager who will run the authorised Unit Trust specialising in British Smaller/Growth Companies, plus other segregated funds concentrating on this area of the market.

The Funds have an excellent and recognised performance record and our Client is anxious to appoint a man/woman who can show a similar record of success with the Funds under his/her control. The person appointed is likely to have a university background and to have grown into Fund Management via the analytical route with a Merchant Bank, Insurance Company, Stockbroker or independent pension fund. At least three years' investment experience is required and whilst no formal age limits have been set, our Client's outlook is simultaneously young and professional.

This outstanding opportunity to contribute to the overall performance of funds under management carries a generous and realistic banking-type remuneration package, negotiable according to age and experience.

Applicants should reply in the first instance to Keith Fisher, quoting Ref. 712, at Overton Shirley & Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Telephone: 01-248 0355. All enquiries will be treated in total confidence and no names will be released to our Client until after a preliminary discussion.

Overton Shirley & Barry
INTERNATIONAL SEARCH AND SELECTION CONSULTANTS

BANKING APPOINTMENTS

NEW YORK

Our client, a well established French bank, is currently opening a branch in New York and is looking to recruit professionals for the two following positions:

Treasurer – Vice President
Package: c$85,000

An experienced marketing executive (30-35 years) with a proven track record in a financial institution is needed to establish and develop the treasury marketing operations.

The role will involve dealing with major US and international companies discussing a broad range of treasury products, including foreign exchange, money markets, futures, options and swaps.

Candidates must have a thorough knowledge of the treasury field with experience of establishing and maintaining corporate relationships. An outgoing attitude and the ability to work in a pressurised environment are essential.

Operations and Administration – Vice President
Package: c$75,000

Reporting to the Branch Manager, the position involves controlling and co-ordinating a broad range of settlement activities. The successful candidate (35-40 years) will have:

- ★ a comprehensive knowledge of all banking operations and administration, including EDP experience, and documentary credit
- ★ lucid and accurate reporting abilities
- ★ administrative skills in personnel and organisation

Candidates should be adaptable and flexible in approach and have at least 5 years' relevant experience.

Fluency in English is essential and a knowledge of French would be an advantage.

Interested candidates should contact Charles-Henri Dumon or David Nicholson on 01-831 0431 or send a full curriculum vitae, mentioning the reference 11662 CHD, to Michael Page City, 39-41 Parker Street, London WC2B 5LH, United Kingdom.

MP
Michael Page City
International Recruitment Consultants–London Brussels New York Sydney
A member of the Addison Page PLC group

INVESTMENT ANALYST

General Accident has a vacancy in the Investment Department for an Investment Analyst.

Ideally, candidates will have several years experience of analysis in stockbroking, banking or other financial institutions and be able to display a sound knowledge of the UK equity market. Consideration will also be given to candidates at an earlier stage of career development who are now ready to move into a more demanding position.

The starting salary will depend upon experience; in addition, an attractive benefits package is offered including pension and sickness schemes and house purchase facilities. The post is based at General Accident's World Headquarters in Perth, Scotland.

Write in the first instance, giving brief details of career, qualifications and present salary, to:
The Staff Manager (Head Office)
General Accident, Pitheavlis, Perth PH2 0NH

General Accident

BOND SALES PERSON

- **Do you believe in your own ability to sell?**
- **Are you ready to work in a special environment?**

An environment that allows you to focus on relative value, instead of pushing over-priced new issues. An environment that encourages creativity and a value-added approach to sales.

In order to qualify you must be a proven producer with excellent existing account relationships, a self starter and willing to join a small highly professional group.

Your compensation will include a very competitive basic salary, plus what could be a very substantial bonus based on your contribution to the overall profitability of the team.

All replies, which will be treated in confidence, to be sent in first instance to:

WALTER JUDD LIMITED (Ref. L732)
(Incorporated Practitioners in Advertising)
1a Bow Lane, London EC4M 9EJ.

Group Managing Director

Surrey

c. £75,000 Neg.
+ share options, etc

Our client, a UK diversified industrial/engineering group has grown rapidly and profitably to a turnover of approaching £100m. This growth has primarily resulted from a significant number of strategically related acquisitions. Further acquisitive growth is planned but considerable opportunities now exist within the group for organic growth to be generated.

Reporting to the Chairman, the position of Group Managing Director is a new appointment which will afford a senior executive with a proven record of achievement, the opportunity to play a major role in the continuing development of a major group of companies.

Applications will be welcomed from senior executives who can evidence a record of success in a dynamic growth oriented environment in a similar business sector to that of our client. Applicants should possess a blend of sound manufacturing based skills, entrepreneurial flair and the ability to think strategically.

The executive appointed will be expected to make a major contribution to the direction, growth and profitability of the business.

In view of the importance of this position and the high calibre of executive sought, it is most unlikely that a suitable remuneration package cannot be negotiated.

Please write in confidence, enclosing career details to Mr. Timothy A. Elster, Executive Selection Division, Peat, Marwick, Mitchell & Co., City Square House, 7 Wellington Street, Leeds LS1 4DW, quoting reference No. L/608.

PEAT MARWICK

HUMBERSIDE TRAINING CONSORTIUM

DIRECTOR
SALARY £17,226-£19,128

The Humberside Training Consortium consists of the LEA's colleges, the University of Hull and a range of major private employers in the County. The members have identified the need to establish a Consortium for Training within the County to improve the provision of training. The Consortium is supported by a large scale grant from the Department of Education and Science and the Manpower Services Commission.

The Consortium is seeking to appoint a Director as soon as possible to manage the operation; applications are sought from energetic persons of a range of backgrounds which might include experience in Industry, Commerce or Marketing as well as Education. Initially the appointment will be for a period of two years. There will be opportunity to extend the contract and reconsider remunerations as the Consortium develops.

Further details and application forms can be obtained from the
Director of Education, Staffing Section (HQ/ST/), County Hall, Beverley, North Humberside, HU17 9BA (Telephone 0482 867131 Ext. 3338) to whom applications should be returned by 27 March 1986.

Sponsored by: Humberside County Council D.E.S., Pickup, M.S.C.

HongkongBank Limited

Manager SWAPS

HongkongBank Limited is the European merchant banking arm of the HongkongBank Group. As a result of expansion we require an extra executive at Manager level for our swaps team, initially involved in packaging Asset Swaps.

The individual concerned will have at least 6-12 months experience in Interest Rate Swaps and must be adaptable, possess drive and determination and have a sound understanding of the swaps market.

Salary will be negotiable, and normal merchant banking benefits will apply.

Applications with full C.V. which will be treated in strict confidence should be sent to C. E. Fiddian-Green, HongkongBank Limited, Wardley House, 7 Devonshire Square, London EC2M 4HN.

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VENTURE CAPITAL

Assistant Investment Manager

We are a privately-owned venture capital management company handling substantial institutional and private funds.

We wish to recruit a woman or man in their mid-20s with a university degree and two years' experience of investment research either in the quoted or unquoted sector or in financial analysis.

The work will comprise researching prospective venture capital investments, collating and analysing data on existing investments, and preparing reports to investors. The successful candidate will be part of a small, lively team who are building up an exciting portfolio of growth companies.

Write with full CV to Box A0084
Financial Times, 10 Cannon Street, London EC4P 4BY

Jonathan Wren

Financial Controller

£60,000 + bonus + benefits

We have been approached by a major international bank to assist in the selection of an exceptional Financial Controller. A qualified accountant, aged 35-42 years, the individual sought will have gained at least 5 years senior management experience within an investment bank, securities house, or eurobonds environment, and consequently will possess a thorough understanding and knowledge of capital markets instruments. The successful appointee will assume full responsibility for the daily monitoring of the bank's risk exposures, taxation, budgets, forecasts, accounting systems and may also undertake some company secretarial functions. We therefore seek applications from suitably qualified, high profile candidates, who, as a result of their reputation and previous experience, are currently commanding a base salary of not less than £35,000 pa. Contact Brian Gooch or Peter Haynes.

UK Lending

Neg £22-£28,000

Our client, a prime North American bank with an expansionist approach to lending, is seeking an ambitious Marketing Officer to become fully involved in existing/new business to the 1000 companies. We would therefore be interested in receiving applications from those candidates with a strong educational background, MBA/degree level, with relevant experience. Contact Norma Given or Anne Fenwicke.

Corporate Dealer

c£25,000

Due to continuing expansion, a major international bank is recruiting a senior Corporate Dealer to expand its business activity in this area. Candidates will have had at least 3 years specific experience, and will probably have been involved in marketing services to corporate clients. Age is likely to be about 30 years. Contact Roger Steare or Bryan Sales.

ACA — Newly qualified

£16-£18,000+ benefits

A newly qualified ACA is currently sought by a major banking group to undertake a full financial accounting role — reporting directly to the Financial Controller. In view of the forthcoming changes within the City, this opportunity presents the perfect environment for a high calibre candidate to pursue a sound future banking career. Contact Norma Given or Anne Fenwicke.

All applications will be treated in strict confidence.

SYDNEY — Jonathan Wren — HONG KONG

Recruitment Consultants

170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266

NEWNHAM COLLEGE
CAMBRIDGE

Appointment of Bursar

Applications are invited from men and women for the full-time post of Bursar, to take office on or before 1 October 1986.

The Bursar is responsible for the management of the College's property and income in accordance with the directions of the College Council. The person appointed will have experience of financial planning and administration and be expected to take an active interest in fund raising.

The College Statutes provide that if a woman is appointed she shall be elected a Fellow of the College.

Further particulars may be obtained from:

The Principal, Newnham College
Cambridge CB3 9DF

to whom applications with a CV and the names of three referees should be sent by 19 April 1986

UNIVERSITY COLLEGE
LONDON
Faculty of Laws

LECTURESHIPS IN LAW

from October 1986

Salary range £8,020-£15,700 + £1,297 London Allowance. Applications, with a c.v. and names and addresses of two referees by 4th April 1986 to Departmental Secretary, Faculty of Laws, University College London, Bentham House, 4-8 Endsleigh Gardens, London WC1H 0EG, from whom further particulars may be obtained.
Preference will be given to specialists in International Law/Commercial Law/Shipping Law/Insurance Law.

North American Banking

Our fast-growing and profitable North American Banking Department seeks executives to work on and help develop our North American business.

The ideal candidate will be:-

- Mid to late twenties
- Academically well qualified
- Innovative
- Self reliant

Candidates should have a good grounding in credit and a knowledge of general banking services. In addition experience in specialised banking products, such as Asset Based Lending, Leveraged Buy Outs, Real Estate Finance, Bond Enhancement Programmes and Interest Rate Swaps would be of value.

Successful candidates will work in an environment which encourages flexibility and an individual approach. There will be opportunities for travel and the possibility of a posting to one of our four U.S. offices.

Candidates should apply with full Curriculum Vitae to:-

Hanover Partners Limited, Box A0079, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY.

Kleinwort Benson

Finance Controller

Decision-making and responsibility at the highest levels of business management

Reading Up to £30,000 + Car

A household name throughout the length and breadth of the country, Yellow Pages is Britain's most successful classified directory: an achievement which reflects both the quality of the product and, no less significantly, the operational expertise and business efficiency of this tightly-run enterprise.

We now need to appoint a Financial Controller for Yellow Pages and its related Companies – with direct responsibility to the Managing Director (Yellow Pages) for the development and implementation of financial policies and procedures, and the provision of financial and management accounting information essential to the running of the business. As a member of the Yellow Pages Management Committee, the Financial Controller will have a major influence not only on issues of a financial nature, but also on strategic development and decision-making in general.

A fully qualified accountant – and preferably a graduate – you will have a rounded perspective of business and the personal stature to operate at the highest levels. A minimum of ten years in financial management, including several in a senior management role, is the depth of background we have in mind.

Starting salary will be up to £30,000 depending on age and experience.

Please write enclosing a full C.V. to: Mr. K. Smith, Yellow Pages Personnel, Yellow Pages Building, Queens Walk, Reading RG1 7PL

YELLOW PAGES

Trademark of British Telecommunications in the UK.

British TELECOM

International Banking Executive

A leading bank in Scotland invites applications for the post of International Banking Executive.

The successful applicant will have wide experience in the field of international banking, and will be currently employed in this sector. The position requires the individual to take charge of an International Department, develop the business, and motivate and train subordinate staff.

All applicants must be qualified Associates of the Institute of Bankers. The position will be demanding, and it is therefore assumed that anyone currently earning less than £20,000 will not have the necessary experience.

Please write with comprehensive curriculum vitae to: R. W. Hogsden (Ref. 415), Lockyer, Bradshaw & Wilson Limited, 39/41 Parker Street, London WC2B 5LH, indicating any companies to which your application should not be forwarded.

LBW

LOCKYER, BRADSHAW & WILSON LIMITED
A member of the Addison Page PLC Group

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punjab national bank

Punjab National Bank — a public sector bank with Head Quarters in India, requires for its provincial branches in UK at Wolverhampton, Birmingham and Gravesend

MIDDLE LEVEL OFFICERS/BRANCH MANAGERS

to act as independent incharges of these branches

Persons in the age group of 35-50 years, and permanently resident in UK, holding degree from a recognised university or equivalent qualification from a recognised institute in the UK, with five years experience as an Officer in a Bank, may apply giving details of their curriculum vitae and salary expected. Upper age limit is relaxable in the case of highly experienced persons. Knowledge of Hindi/Punjabi desirable.

All applications to be submitted by mail immediately, so as to reach maximum within a week, to:

Zonal Manager, Punjab National Bank
Moor House, 119 London Wall, London EC2Y 5HJ

Applicants who had applied in response to our earlier advertisement need not apply

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Ambitious Stockbroker?

up to £50,000 + profit bonus

Our client is a U.K. financial services company with an active private client base. To implement their plan for continued growth they seek an experienced Stockbroker of high calibre to join as Chief Executive and establish a securities arm.

We invite approaches from entrepreneurial individuals with private client portfolio management backgrounds, plus administrative, marketing and management skills. This greenfields situation should appeal to those who now seek the opportunity to play a leading role and reap future rewards.

Please contact Fiona Stephens or Anthony Innes who will treat all enquiries in confidence.

Stephens Associates
Investment Search & Selection Consultants
44 Carter Lane, London EC4V 5BX. Tel: 01-236 7307
Representative Associates New York & Tokyo

Group Treasurer

MAJOR PLC

Our client is a £1 billion + PLC, market leaders in a number of service industry market sectors. They now wish to recruit a Group Treasurer reporting to the Finance Director, who will liaise closely with other Main Board Directors and also manage a small support staff.

The main elements of the role are debt management, developing new approaches to project and property financing, handling banking relationships, and cash management and control. The Group's continued growth in the UK and internationally, provides the opportunity for expansion of both the scope and scale of the work, making this an outstanding long-term career opportunity.

Candidates, male or female, probably aged in their thirties, should be graduates with broad treasury experience, sound analytical ability and a creative problem solving approach.

In addition to a significant salary there will be normal major Group benefits plus others specifically related to the Company's business. Location central London but regular North American and European travel can be anticipated. Removal expenses will be available if appropriate.

Please reply in complete confidence with full career and remuneration details quoting reference 1105, to David Thompson, Managing Director, Bull Thompson & Associates, 63 St. Martin's Lane, London, WC2N 4JX (01-240 3561), who is advising on this appointment.

Bull Thompson

CORPORATE AND RECRUITMENT CONSULTANTS

New Issues Capital Markets

IBJ

North America

IBJ International Limited, is now seeking an experienced new issues specialist and mandate winner with a sound knowledge of North American borrowers.

The successful applicant will currently hold an active marketing role in a well established team, with a good knowledge of capital markets products.

This is a senior position and the salary and benefits package, which includes all normal banking benefits, will reflect this.

Those interested in this position should write or telephone:

Ian Matheson, IBJ International Limited, Bucklersbury House, 3 Queen Victoria Street, LONDON EC4N 8HR. Tel: 01-236 1090.

IBJ International Limited Bucklersbury House, 3 Queen Victoria Street, London EC4N 8HR.

JAMES CAPEL & CO.

MONEY BROKING

As a result of continuing expansion we require

2 CLERKS

to join the young and enthusiastic team in our Secured Money Broking Department

Applicants, preferably aged 20-30, should have experience of Stock Exchange Settlement in the Gilt-Edged, U.K. Equity and Foreign markets.

Salaries will be competitive and include excellent bonus prospects.

If you think you may be interested please write in confidence, with details of experience, to:-

D. SCHULTEN
James Capel & Co.,
James Capel House,
P.O. Box 551,
6 Bevis Marks,
London, EC3A 7JQ.

MAJOR U.S. INVESTMENT HOUSE

Expanding its activities in capital markets is currently recruiting aggressive

BROKERS OR DEALERS

in all financial instruments.

Candidates would presently be working individually or within a unit having an institutional or private client base. Attractive salary plus performance-orientated bonus.

Please reply to Box A0069, Financial Times 10 Cannon Street, London EC4P 4BY

BCC

CITY BANKING OPPORTUNITIES

BCC requires for its Central Credit Division:

GRADUATE TRAINEE OFFICERS

Graduates who would like to pursue a career in banking. Selected candidates would be given training before being assigned to the credit function. Maximum age 24 years.

A competitive package of salary and benefits will be available.

Eligible candidates *must* have residential status in the U.K. and should apply in confidence, latest by 11th April 1986, enclosing a full C.V. with a passport size photograph to:

D. R. Oshidar,
Central Credit Division,
Bank of Credit and Commerce International S.A.,
Licensed Deposit Taker,
100 Leadenhall Street, London EC3A 3AD.

Banking and Finance Specialists

Apply your systems expertise in information technology consultancy

UK-wide opportunities package to £40,000

PA

PA Computers and Telecommunications

PA Computers and Telecommunications is a highly successful specialist consultancy within the international PA consulting group.

Our banking and finance specialists assist many of the world's major financial institutions to achieve a positive advantage in the marketplace through the application of advanced information technology related to their overall business and organisational objectives.

The rapid expansion of our business in this sector has increased opportunities for highly motivated professionals who have acquired in-depth experience in the use of information technology in banking, dealing or foreign exchange.

Those with a broad knowledge of both the finance sector and the IT industry would be ideally suited to a particular opening in our London-based Business Development Unit.

Probably aged 28-40, with a good degree and/or a professional or banking qualification, you must have the ability to establish your credibility quickly, and influence, all levels of a client's general and technical management.

We can offer a stimulating and rewarding challenge in **London, the Midlands/North, and in Edinburgh**, working with information technology specialists and a variety of clients; some overseas travel could be involved. Salary is geared to experience and progressive career development depends on personal performance.

Please send your cv, in confidence, quoting ref: 3/104, to Dick White, PA Computers and Telecommunications, Rochester House, 33 Greycoat Street, London SW1P 2QF.

Assistant Director

Merchant Banking

Make your mark on our future

Combining the flexibility and service of a smaller company with the depth and resources of one of the largest US International Banks, First National Boston Limited (FNBL) provides merchant banking services for the First National Bank of Boston and its customers.

As one of FNBL's Assistant Directors, you will assume responsibility for a number of specialised areas including primary officer accounts, new business development, evaluation of proposed business, loan or investment documentation, syndication and staff development.

This is a highly visible role in a small effective unit which is poised for expansion. As a result, your solid experience as an Assistant Director in a merchant bank or AVP in a commercial bank must be backed by a flexible, forward thinking, highly professional approach.

If you are keen to enjoy a competitive salary and benefits package together with the opportunity to make your mark on our development and growth, please write with full cv to: John Watkinson, Assistant Vice President - Personnel, Bank of Boston, 5 Cheapside, London EC2P 2DE.

1784

FIRST NATIONAL BOSTON LIMITED

CAREER BANKING OPPORTUNITY

Standard Chartered Merchant Bank wishes to appoint two first class executives with marketing experience to assist with the promotion and control of its growing business. Candidates should be qualified bankers with considerable experience of lending and complex financing transactions consummated at senior management and/or Board levels involving the credit assessment of a wide range of substantial commercial and industrial borrowers.

These are attractive opportunities with excellent prospects for individuals of ability having potential for further advancement. Applicants, who are likely to be under forty, should be people who are outgoing and professional in approach, with a sound technical background.

Remuneration structures, together with other benefits, are those normally associated with a first class bank and, against that background, are negotiable, commensurate with the qualities and experience of the successful candidates.

Written applications, with a full c.v., should be sent in confidence to:–

The Personnel Manager,
Standard Chartered Merchant Bank Limited,
33-36 Gracechurch Street, London EC3V 0AX.

Standard Chartered

Standard Chartered Merchant Bank Limited

APPOINTMENTS ADVERTISING

Appears every THURSDAY

Life & Pensions Executive (MD Designate)

City £25-30,000 + profit share

Our client is a well known and highly regarded Swedish Insurance Broker. As part of their planned expansion they will be opening their first office in the U.K. in the summer of 1986.

As you might expect they have a unique and established client base and will be continuing their activity at the top end of the market in the U.K. They already have clients in the U.K. and will continue their expansion further by specifically targeting at Swedish Expatriates and subsidiaries based here.

The requirement will be to provide financial planning advice to individuals particularly in relation to Capital Transfer Tax, Keyman and Partnership Assurance and International pension planning.

Ideally you will be aged between 30-45 and will have gained relevant experience in a life office or a broker. Obviously, you must be particularly well versed in all aspects of life and pensions and be able to demonstrate a thorough understanding of the correct application of insurance based investment products available to the individual.

As you might expect, this appointment comes with considerable status and early Directorship prospects.

To apply please telephone or write in the strictest confidence to Julie Parkes quoting reference 9917.

Lloyd Chapman Associates

International Search and Selection
160 New Bond Street, London W1Y 0HR
Telephone: 01-408 1670

CALOR Gas

Market Leaders in Liquefied Petroleum Gas

Regional Controllers

***Various UK locations, £17,000 plus, car, good benefits**

Calor is a £300m company showing strong profit growth, and currently restructuring its U.K. management organisation by creating five fully integrated regions. Each region will control sales, distribution, transport and cylinder filling operations.

Supporting each Regional Chief Executive will be a Controller, responsible for the financial and administrative management of the region, forecasting and budgeting, and the appraisal of results and projects, all within a changing information technology environment. The aim is to gather all administration – previously split among several departments – under this appointment, so strong analytical skills, and organising and people management abilities, are required.

Candidates, late 20's – early 30's, must hold an Accountancy or Business qualification. Experience of computerised administration and management information systems, and a strong desire to apply the new technology are essential.

Benefits are generous and include a non-contributory pension, and relocation assistance where necessary.

*The Controllers will be based at the regional centres in Hampshire, Wiltshire, East London, West Yorkshire and Central Scotland.

Male or female candidates should submit a comprehensive C.V., or telephone for a personal history form to *S.P. Spindler*, **Hoggett Bowers plc**, *36 High Street, Eton*, **WINDSOR** *SL4 6BD*, **0753-850851**, quoting reference 24032/FT indicating the preferred location(s). Local interviews will be arranged.

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

THIS IS A UNIQUE CHALLENGE TO A UNIQUE RETAILER / MANAGER

Our business is well established, profitable and expanding fast.

We have 17 branches in prime Central London locations, a turnover of £140m and 120 employees. We expect to double our business within three years.

We seek a unique personality who has a proven ability to succeed in the retail business. He or she will take charge of the Company and ensure its development, recruit and motivate staff, be a sound and numerate Manager and have the acumen to create and exploit new opportunities.

A financial package will be tailored to reflect the unique attributes of the successful candidate.

Write Box A0087, Financial Times
10 Cannon Street, London EC4P 4BY

INSURANCE BANKER

Irving Trust Company requires an Insurance Officer to join its recently-established Insurance Banking activity. The Officer will market investment and commercial banking services as well as participate in the development and design of new products tailored to the Insurance sector.

The successful candidate will be highly motivated with a record of success in the international insurance, reinsurance or broking industries or in the insurance unit of an international bank. A generous remuneration package is available for the right person.

Applications please to:

Andrea Williams
Irving Trust Company
36/38 Cornhill
London EC3V 3NT

Irving Trust

DEPOSIT DEALER

CITY

The London Branch of an international bank is seeking to recruit an experienced Deposit Dealer.

Reporting to the Senior Deposit Dealer, the successful candidate will be in his/her middle 20s with approximately 5 years' experience in a dealing room, at least 2 of which will have been spent trading foreign currency deposits.

Please enclose detailed CV showing present and anticipated remuneration together with your application to:
Box A0092, Financial Times
10 Cannon St, London EC4P 4BY

Financial Director

Neg. c.£18,000 + car N. West

Telefusion Communications Limited, is a wholly owned subsidiary of Electronic Rentals Group plc. The company designs, installs and maintains specialised electronic communications products and systems for the benefit and security of industry and the community.

The opportunity is for a qualified and experienced Financial Director to join a team of highly motivated, action-centred people, as head of the Financial Department which is based at the Head Office, at Westhoughton, Near Bolton.

Traditional costing and historical accountancy work using a computerised system are important features of the role but emphasis is also placed on the development of management information, forecasting, and analysis to assist the Managing Director in the profitable operation of the business.

The position demands a professional Accountant with post qualification experience in a contracting and/or manufacturing environment; the ability to manage and motivate staff and to contribute to the success of this high growth company. The remuneration package includes a negotiable salary circa £18,000, car, BUPA, Pension and Share Schemes. Relocation assistance is available, as appropriate.

Send a full C.V. to C.A. Bathgate, Personnel Manager, Electronic Rentals Group plc, Visionhire House, Station Way, Crawley, Sussex, RH10 1JA.

This position is open to both men and women.

Electronic Rentals Group p.l.c.

EXECUTIVE JOB SEARCH

Are you earning over £20K and seeking a new job?

The Connaught Services have helped more executives to find new appointments than any other organisation — mainly in the unadvertised vacancy area.

Contact us for a free confidential meeting. If you are currently abroad, enquire about our EXPAT EXECUTIVE SERVICE.

32 Savile Row
London, W1

Connaught

01-734 3879
(24 hours)

The Executive Job Search Professionals

Wanted

BUSINESS DEVELOPMENT

Canny, incisive, responsible, systems-orientated business grad/management accountant with marketing experience seeks projects instituting chance and instilling order in developing firms

Contact Box A0093, Financial Times
10 Cannon St, London EC4P 4BY

An opening has arisen within our London office for a person who has a PROVEN FINANCIAL BACKGROUND and who is able to communicate with people at all levels and who is fluent in JAPANESE AND ENGLISH.

Candidates need only apply if they are hard working, ambitious, self motivated individuals. Salary is negotiable.

Please reply to Box A0091. Financial Times
10 Cannon Street, London EC4P 4BY

CAPITAL MARKETS EXECUTIVE

The London arm of a major U.S. Bank has several career opportunities within its rapidly expanding Capital Markets Division.

This area is responsible for using a full range of sophisticated financial techniques, offering the client seeking capital resources direct access to the International financial markets. If you have already shown yourself to be a high achiever in your current professional field but now wish to consider a change to International banking, or if you wish to develop further your existing banking experience, our client may provide the opportunity and rewards you seek.

Please call or send C.V. to Sara Bonsey
All applications will be treated in strict confidence.

18, Eldon Street, Moorgate, London EC2M 7LA. Tel: 01-588 4224

CAPITAL FUTURES
RECRUITMENT CONSULTANTS

Capital Markets Futures & Options

£20,000 ... £100,000 Plus

A number of our longstanding clients, major City "names" are actively seeking highly motivated and ambitious Desk Traders, Dealers, Sales/Marketeers and Managers with sound experience and excellent contacts.

Proven knowledge of Options (Stock or FX)... Financial Futures... Stock Indices ... Bonds (Straights and Futures) ... Foreign Exchange ... Gilts or Swaps is essential.

Whether you are actively looking or would simply like to be kept informed please contact Simon Kennedy or Clare Kearns in complete confidence.

Kennedy Stephens

Financial Markets Search and Selection
44 Carter Lane, London EC4V 5BX. 01-236 7307

Representative Associates New York & Tokyo

SENIOR CREDIT ANALYST c£15,000

Our client, a first rate US Bank, offers an outstanding opportunity, to a well educated, ambitious banker with several years analysis experience, aged 25-35, who has the potential for further advancement. Progression to a marketing role is envisaged within 18 months.

CREDIT ANALYST c£12,000

A well respected European Bank, seeks an additional person, probably mid 20's, with a minimum of one year's experience, to join its professional team within the Credit Department.

In addition to the above, we are currently retained regarding a number of positions in credit marketing and invite interested parties to telephone for an informal discussion or send a C.V. to the address below.

Gordon Brown
Bank Recruitment Consultants
57/59 London Wall, London EC2M 5TP
Telephone: 01-628 4501

LONDON STOCKBROKERS PARTNER'S ASSISTANT

Partner with substantial private client business requires an assistant to work with him on a commission-sharing basis. The successful candidate is likely to be a Member or with Membership qualifications in his 30s with several years' experience in advising private clients and will have some existing clients of his own.

Write Box A0086, Financial Times
10 Cannon Street, London EC4P 4BY

INTERNATIONAL LAW FIRM

Established New York based international law firm with tax and commercial practice seeks

BARRISTER/SOLICITOR

3-5 years' experience, for London representative office
Salary commensurate with experience

Apply in confidence to Box A0088
Financial Times, 10 Cannon Street, London EC4P 4BY

Accountancy Appointments

Financial Director

Middlesex — **package c.£25,000 + car**

Our client's provide a comprehensive service of design and electronics packaging to customers in the data and telecommunications industry.

Committed to further growth in a developing market, they expect a rapid expansion in business over the next two years.

With responsibility to the Managing Director, the prime tasks will include developing the production of stricter and more relevant accounting information based on enhanced use of computerised systems, tight stock control, the provision of positive financial guidance to senior management, staff control, and good general administration.

Candidates, preferably aged 28-38, qualified accountants and with experience of manufacturing industry, must be ambitious, enthusiastic self-starters, able to motivate staff and ready to make a big personal contribution to the expansion of the company.

Please write in confidence, enclosing career details and quoting reference 3115/L, to Anne Routledge, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria St., Blackfriars, London EC4V 3PD.

PEAT MARWICK

ACCOUNTANCY APPOINTMENTS
Rate £41 per single column centimetre plus VAT

Financial Executives

currently seeking

£20,000-£45,000

Cartwright Hopkins has been established to provide an executive recruitment service in a professional, personal and confidential manner. We are currently seeking to extend our contacts with qualified accountants and would therefore like to hear from qualified executives who have achieved a successful career to date and who wish to develop their careers further.

Please write enclosing a full curriculum vitae to: Philip Cartwright F.C.M.A or Nigel Hopkins F.C.A,

97 Jermyn Street,
London SW1Y 6JE.
Tel: 01-839 4572

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

Senior Taxation Assistant

c.£15,000 + car
Burton-on-Trent

Bass Public Limited Company, Britain's largest and most successful brewer, is strengthening its taxation team at its headquarters by making this new appointment.

Candidates should be either qualified accountants or fully trained Inspectors of Taxes and have had at least five years' relevant experience.

The successful applicant will report to the Deputy Taxation Manager and provide a taxation advisory service to senior executives throughout the Group. He/she will also be responsible for processing UK corporation tax computations.

An attractive remuneration package is offered, including company car, BUPA, excellent Pension and Life Assurance Schemes, Share Ownership and Share Option Schemes.

Please apply in writing with full cv to:-

**HQ Personnel Manager,
Bass Public Limited Company,
137 High Street, Burton-on-Trent,
Staffordshire DE14 1JZ.**

Bass
Public Limited Company

Group Taxation Manager

Nottingham — **Up to £25,000**

The Boots Company PLC is one of the top 30 UK companies. Our retailing activities are well known but a third of Group profits come from the manufacture and marketing of ethical pharmaceuticals and consumer products. There are operating subsidiaries in some 20 countries. The Group Taxation Manager will be responsible for all aspects of taxation throughout the Group, mainly in the UK but with some overseas involvement.

A high level of competence and innovative action will be necessary to develop the full potential of this post. Suitably qualified candidates will be accountants or ex-Inland Revenue Inspectors with at least 5 years' experience of tax management, including overseas matters, in large companies or in professional practice.

The terms of appointment will be attractive and will include profit sharing, company car, contributory pension and help with relocation to the Nottingham area if necessary.

Please send full CV to J. L. Muncey, Personnel Manager, The Boots Company PLC, Head Office, Nottingham, NG2 3AA.

Boots The Boots Company PLC

Chief Financial Accountant

c.£20,000 p.a. + Car — **W. London**

Lyons Tetley is a successful major manufacturing company in the Food Division of the Allied Lyons Group. A cornerstone of this success is our commitment to the best marketing, financial, production and administration practices available.

Our finance team is based at our 45 acre Head Office and manufacturing site at Greenford, Middlesex. As part of this team and reporting to the Financial Controller you will be responsible for all aspects of financial accounting, with particular emphasis on cash flow management.

Ideally you will possess strong interpersonal skills and be capable of exercising control within a large company environment. You should have at least seven years' post qualification experience, preferably gained in fast moving consumer goods. International experience would be an advantage.

Major company benefits include 5 weeks' holiday and relocation assistance if appropriate.

Please write with full details including salary, or telephone me for an application form. Mr D Lewis, Personnel Director, Lyons Tetley Ltd, 327-347 Oldfield Lane North, Greenford, Middlesex UB6 0AY. Tel: 01-578 2345 ext. 611.

Lyons Tetley

Finance Manager Distribution

Middlesex

c.£24,000 + car

Retail distribution company (T/O £40m) serving a well-known UK group, seeks a new Head of Finance (Director Designate). He or she will have a brief to review, improve and develop the accounting and inventory control systems with EDP support. There is potential to have a considerable impact on the asset management and efficiency of the UK locations.

Candidates must be qualified accountants aged 28-35 *with board potential. They must have retail or* distribution experience OR something similar which they can convince us is relevant. Computer user experience is also vital. Fringe benefits and prospects are both above average. Relocation assistance too.

For full job description write in confidence to John Courtis at JC&P, Selection Consultants, 104 Marylebone Lane, London W1M 5FU, *showing clearly how you meet* our client's requirements, quoting 7188/FT. Both men and women may apply.

JC&P
John Courtis and Partners

Financial Controller

A member of the HAFNIA Group — ECONOMIC Insurance Company Limited

c.£27,000 plus benefits

The Economic Insurance Co Ltd is developing its business and seeks an experienced executive to join its enthusiastic and dedicated team at Sittingbourne, Kent.

The Financial Controller will report to the chief executive, and will have full responsibility for all aspects of the financial and management accounting functions. The preparation of timely and accurate management information is a key requirement but, in addition, the Financial Controller as a member of the management team will be expected to contribute significantly to the development of the business.

Applicants must possess insurance company experience and should be qualified accountants aged under 40. Knowledge of data processing systems is required.

Benefits include a car, subsidised mortgage and private health care.

Please write in confidence to M J B Ping enclosing a detailed curriculum vitae and quoting reference F926P at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

E&W Ernst & Whinney

Young Financial Controller

Aged 25-33 — **To £20,000 + car**

Our client, a highly successful and profitable subsidiary of a major plc, has embarked upon a period of sustained development.

It therefore wishes to appoint a Financial Controller who, reporting to the M.D., will create a dynamic and highly commercial financial function to enhance the business opportunity for profitable growth with an emphasis on computing.

Candidates aged 25 to 33 must be graduates and qualified accountants with at least three years post-qualifying experience including a *major professional firm and/or large* scale manufacturing, and an affinity for the initiation of change.

They should be ambitious, goal orientated high flyers who would see this as an opportunity for outstanding career growth.

The rewards will include a salary to about £20,000, plus 2-litre car, and pension scheme, in addition to relocation expenses if appropriate to a rural West Midlands location.

Please write in confidence, initially with relevant details, and quoting reference 1606 to John Anderson, as Advisor to the company at:

John Anderson & Associates
Executive Search & Selection
Norfolk House, Smallbrook Queensway, Birmingham B5 4LJ.

SENIOR AUDITOR

Europe — **up to £20k**

CBS Inc, a multinational US Corporation, has an immediate opening for an experienced Senior Internal Auditor for its London based European Audit Operations.

You will conduct in-depth audits of CBS's European record, publishing, and other worldwide businesses to determine the adequacy of internal control and accounting systems. You should, therefore, be a Chartered Accountant, have either "Big 8" or extensive private industry audit experience, be willing to spend up to 50% of your time at our offices in Europe and the UK, and speak one or more European languages (preferably German and French).

Salary will be £15k minimum, up to £20k depending on age and experience and benefits will include private medical and life assurance schemes, first-class accommodation while travelling and the opportunity to return home most weekends.

As you would expect from an industry leader, future career prospects are exceptional.

Please write giving full career details to: Phyllis Morgan, Personnel Manager, CBS Records, 17/19 Soho Square, London W1V 6HE.

CBS

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Financial Director

General Management Emphasis

North West, C £30,000, Car, Benefits

Managing a team of 70 people covering purchasing, production scheduling, quality, data processing and security functions in addition to all financial aspects, this new position carries truly general management responsibility. The company is an American-owned FMCG manufacturer supplying all the major multiples. With £50m turnover, their present success and determined plans for expansion through acquisition illustrate their strength. A qualified accountant aged 38—50, preferably with a business degree, you must be an ambitious leader with an enviable track record of business development in a similar environment. Rewards will match achievement. Salary will not be a limiting factor for a particularly suitable candidate.

D.A. Teale, Ref: 30040/FT. Male or female candidates should telephone in confidence for a Personal History Form, **061-832 3500, Hoggett Bowers plc,** *St. John's Court, 78 Gartside Street,* **MANCHESTER, M3 3EL.**

BANKING

Manager, Financial Controls
c£25,000 + Benefits — **EC1**
An international merchant bank seeks a graduate ACA (aged 28-32) with bank experience to assist with the development of new systems in anticipation of deregulation. A prestigious opportunity offering career progression.
Ref: PSW 0015

Treasury
£20,000 — **EC2**
Demanding role within US investment bank. Primarily responsibility will be the protection and strengthening of its capital base. Applications invited from young accountants offering minimum two years funding experience.
Ref: SM 0016

Corporate Finance
to £20,000 + Bank Benefits — **EC2**
An ideal commencing point for a graduate ACA to start a career in Merchant Banking, working in a high profile, internationally prominent organisation in Eurobond issues.
Ref: RS 0018

Cost & Management Accountant
to £18,000 — **E15**
An expanding design company seeks an experienced ACMA to enhance the current job costing methods, develop computerised systems and run the management accounting function.
Ref: SW 0017

Management Personnel
Recruitment Selection & Search
10 Finsbury Square, London EC2A 1AD
Telephone: 01 256 5041 (out of hours 01 809 2783)

Accountancy Appointments

Finance director

Nottingham, c£20,000 + car

As a result of the Transport Act 1985 Nottingham City Council is creating an independent company to provide extensive passenger transport and related services in the Nottingham area. It will be one of the largest such companies in the UK with a turnover of around £17 million.

This important, newly created position carries total responsibility for the financial and administrative management of the company. Early priorities will be the development of effective accounting and management information systems.

A qualified accountant, probably aged in your early 30's, you will need drive, commitment and determination to succeed in this highly demanding appointment. Experience in the transport sector or a similar service industry could be useful. Relocation assistance is available.

Résumés please, including a daytime telephone number, to David Owens, Executive Selection Division, Ref. D180.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited.
management consultants

22a The Ropewalk
Nottingham NG1 5DT

Financial Director (Designate)

Property Development

East Midlands

c.£25,000 + car & benefits

The company is fast growing and highly profitable, specialising in property and development, but with a construction subsidiary. It prides itself on its aggressive and forward-thinking management style, and is embarking on the next phase of its own development.

A determined and pragmatic Accountant is sought to make a major contribution to Board strategy and innovative commercial management. Key tasks will include "City" negotiations and further systems development, in addition to the normal functional duties.

Candidates, aged about 28-35, should be qualified Accountants, (preferably Chartered), with the ability to operate effectively at the strategic and the departmental level. Personal attributes will include a strong intellect, positive personality and polished communication skills.

A fully expensed quality car and other benefits will be provided.

Please reply to Nick Hall, with details of age, career and salary progression, education and qualifications, quoting reference 1580/FT on both envelope and letter. Candidate details will be discussed in strict confidence with our client.

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This important position is for a Qualified Accountant to take responsibility for the financial and management accounts, to participate in the second phase of computerisation and take an advisory role in management leading to General Management within two years.

The successful candidate should be 27-40, enjoy responsibility, be a good communicator and have practical experience of accounts control in a medium size business, preferably in the retailing and service industry.

Apply in writing to John Lindblom FCA,

DOVE GROUP
98-104 Lower Addiscombe Road,
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Financial Controller

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Reporting to the Financial and Managing Directors of the Division you will be responsible for:
— divisional financial and management accounts
— overseas location accounting
— international treasury, taxation and cash flow
— risk evaluation at tender and negotiation stages
— negotiations with UK and foreign government agencies, banks and project partners involved in multi-million pound contracts.

A qualified accountant, your primary role will be to ensure that sophisticated reporting techniques provide accurate, timely and relevant information for the board. Obviously international construction, engineering or project finance experience would be particularly relevant to this senior management role.

Relocation costs to the Glasgow area will be available if required.

To apply, please send a detailed cv, including current salary, to Douglas Kinnaird C.A. quoting ref: AA96/9765/FT or telephone his secretary for an application form.

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(Office Products)

Aylesbury c.£18,000 + car

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Success in this position will relate preferably to a graduate Chartered Accountant (age 26 to 35) with experience at senior level in a fast moving successful business.

The Company climate is buoyant with Group opportunities being continually developed for further career growth.

The highly competitive benefit package will include relocation costs if required.

Please apply in confidence to:

R.W. Daniel,
Ofrex Group Holdings Plc.,
The Lodge, Harmondsworth Lane,
Harmondsworth, West Drayton,
Middlesex UB7 0LQ.
Tel: 01-759 4822.

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Our client is the Birmingham practice of a major international accountancy firm fast becoming the UK's leading provider of business services. The practice operates the largest tax department in the provinces and this key appointment will play a major part in managing/developing its corporate tax business.

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Starting salary will be in the range quoted according to qualifications and experience; attractive benefits will include quality car and relocation help to the Midlands. Initial success will provide genuine opportunities for personal skill development and the prospect of promotion to Partner.

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This appointment is open to men and women.

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We are offering an excellent package that includes an attractive salary, London allowance, non-contributory pension scheme and relocation assistance, where appropriate.

Please telephone for further information. Alternatively, please write or telephone for an application form, quoting ref. B.314, to:

Susan Skolar, Recruitment Branch,
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Senior Tax Adviser

International Group

c£25,000 + car **London**

Recent re-organisation at the central London headquarters of this leading British group, has led to the requirement for a person of considerable experience who will join a small team concerned with corporate tax accounting.

Reporting to the Group Tax Manager, the Senior Adviser will be primarily responsible for preparation, explanation and agreement of the group's tax liability with the Inland Revenue. In addition, he or she will actively assist the Group Tax Manager with advice to management on the tax implications of the group's international business operations.

The person appointed will be a qualified accountant, who has a detailed knowledge of UK corporate tax, together with a working knowledge of overseas tax, including international double taxation agreements. Whilst age is not critical, it is likely that the successful candidate will be aged 35-40.

Salary will be for discussion around £25,000, plus car and a range of large-company benefits.

Please write with full details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. Ian White ref. B2369.

This appointment is open to men and women.

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Group Accountant — PLC-Leisure Industry

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With a turnover around £100m, the group is involved in a range of leisure and allied activities although it is best known as a recording company having under contract a number of artists who have achieved international acclaim.

Due to internal promotion, they now seek a Group Accountant who will be based in their London Headquarters as a senior member of the finance department.

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Applications are invited from qualified accountants aged 25-35, having a proven record of success in their careers to date, who are technically sound and who ideally, have some commercial experience.

Please write enclosing a career/salary history and daytime telephone number to Richard Norman FCA quoting reference no. 1/2336.

EMA Management Personnel Ltd.
Kingsway Chambers, 44-46 Kingsway, London WC2B 6EN
01-242 7773 (24 hour).

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Accountancy Appointments

South Hampshire

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Management Accountant
c £20,000 + Car

To take responsibility for the preparation of management accounts and production information. Major issues include managing and developing standard costing and variance reporting systems; all facets of stock control and management including projects to optimise the investment. There is a staff of 10. Applicants should be ACMA's with relevant engineering industry experience, sound management skills and a positive attitude to financial control. Age guideline – late 20's/early 30's.

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c £18,000 + Car

To manage a small team responsible for 5 year planning; budgeting; capital investment appraisal; tender evaluation and ad hoc business studies. Applicants should be qualified accountants with investment appraisal knowledge and several years experience of financial analysis or management accounting. Age guideline – late 20's/early 30's.

Systems Accountant
c £14,000 p.a.

With responsibility for two areas: the implementation of new integrated financial ledgers and the report generators; and the implementation of financial modelling packages, particularly for 5 year plans and budgeting. An accounting qualification is required, some computer experience, and experience of either budgeting or management accounting or financial analysis. Age guideline – mid 20's.

All 3 positions should lead to promotions either internally or within the parent group.

Please reply in confidence quoting ref. L 224 to:
Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

Mason & Nurse
Selection & Search

Assistant Chief Accountant

London Up to £20,000 + banking benefits

Our client – the expanding and profitable UK arm of a major international banking group – wishes to appoint an Assistant Chief Accountant.

Reporting to the Chief Accountant you will play a key role in the finance function and be responsible with a small team for the production of management and statutory accounts to rigorous deadlines, as well as improving information systems.

To meet this challenge you will be a qualified accountant aged c.28-35 with relevant supervisory experience in banking or a related field. A knowledge of taxation and computerised systems is desirable.

Please write in confidence to Edward Ross-McNairn, Clark Whitehill Consultants Limited, 25 New Street Square, London EC4A 3LN.

Clark Whitehill Consultants
Executive Selection

Manager – Systems Accounting

CITY MERCHANT BANK

Salary c£28,000 + Car + Banking Benefits

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The Manager, Systems Accounting, will be a senior member of a newly formed team responsible for the successful implementation of a new Banking software package. The underlying brief is for the continued strengthening and development to provide flexible systems appropriate to the needs of a growing and innovative Bank.

Candidates must be qualified Accountants (27-35) with previous experience of Bank Accounting and Computer Systems (either gained within a financial institution or Management Consultancy). High professional standards, good interpersonal skills and problem solving ability will ensure accelerated career progression within this challenging environment.

For further information please write, enclosing career details, or telephone Susan Ross

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Highlight on Accountancy

Accountants have a broader and more influential role than ever to play in the Civil Service. The Government Accountancy Service (GAS) operates a structured training and development programme to encourage this trend. These vacancies highlight the scope and responsibility of the work undertaken.

HOME OFFICE – PRISON SERVICE INDUSTRIES AND FARMS

1 post at Tolworth, relocating to Croydon in Summer 1986
The Chief Accountant will improve the financial management of industrial farming employing inmates of over 100 prisons. Having at least 3 years' post-qualifying experience in manufacturing and credit management you will manage a programme of computerisation, profit reviews, credit management and budgeting and financial management. Further details from Mr C J Welsh on 01-399 5191 ext 241.

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1 post in London and 1 in Birmingham
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Further details from Mr K Shaw on 01-438 6868.

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1 post Worthing and 1 post London or Worthing
With experience of systems design and installation, preferably as project leader, you will control a development team at Worthing working on the design, planning and implementation of new systems such as accounts payable, inventories and general ledger.
With experience of responsibility budgets in a service organisation you will be responsible at London or Worthing for the development and support of line management budgeting routines throughout the Department.
Experience of large scale computerised accounting and good management skills needed for both posts.
Further details from Mr A G Nield on 01-438 7657.

DEPARTMENT OF TRADE AND INDUSTRY – INTERNAL AUDIT BRANCH

1 post in London
The Internal Audit Branch provides an independent review of the Department's management systems. You will head the section responsible for auditing divisions dealing with nationalised industries and support for innovation. The work will involve managing, planning and programming the section's work.
Recent experience of audit management and an up-to-date knowledge of modern internal auditing are required. Computer literacy and industrial/commercial experience are assets.
For further details ring Mr W A Methven on 01-215 3596.

For all posts you must possess a professional accountancy qualification (CACA, ICA, ICMA or CIPFA membership) and considerable professional experience and initiative.
SALARY: £13,505-£18,360. Starting salary according to qualifications and experience. In addition posts in the London area attract London Weighting as follows: Inner £1365, Intermediate £765, Outer £545 per annum. Promotion prospects.
For further details and an application form (to be returned by 11 April 1986) write to Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 468551 (answering service operates outside office hours). Please quote ref: G(2)686.

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In addition to having overall responsibility for the accounting of the Group's UK and overseas activities, the Group Financial Director will be expected to contribute financial advice at the highest level, as well as maintaining excellent relationships with the Group's professional and financial advisors. An integral part of the job will be to investigate new developments and arrange appropriate funding.

Candidates, aged 35+, will be technically strong qualified Accountants with mature personal skills and a proven career record to date in construction, property development or a related industry.

The remuneration package offered will reflect the importance of this position and applicants possessing the experience and expertise to cope with the demands of the appointment should telephone or write to Alyn Pearce LLB ACA, (Associate Director), Daniels Bates Partnership Ltd., Sheffield Office, Tel: (0742) 754015, quoting ref: 86S/546 FT.

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PROFESSIONAL RECRUITMENT

Daniels Bates Partnership Ltd., Fountain Precinct, Leopold Street Wing, Sheffield S1 2GZ. Tel: (0742) 754015.
Also at: Josephs Well, Hanover Walk, Park Lane, Leeds LS3 1AB. Tel: (0532) 461671 (5 lines 24 hours).

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Senior Management Accountant

Leisure Industry
West London, To £20,000, Executive Car

The success of this quarter billion pound turnover company is due in no small part to a pro-active finance team using advanced systems, in particular it is recognised that objective management accounting and information are key ingredients in strategic decisions.
This position is responsible to the Finance Director and concentrates on strategy using current figures, trends and expected economic and market changes.
The ideal candidate is aged about 30 years, qualified ACMA with an appropriate degree and sound commercial retail experience. Inter-personal and leadership skills should be well developed and potential for career advancement obvious.
Benefits are competitive and some U.K. travel is involved.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a personal history form to *I.L. Duff*, Hoggett Bowers plc, *1/2 Hanover Street*, LONDON, *W1R 9WB*, 01-734 6852, *quoting Ref: 18105/FT.*

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YOUNG CHARTERED ACCOUNTANT

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The requirement is for a young Chartered Accountant with commercial flair aged 25 to 30, possibly recently qualified and considering a move into Commerce or Industry. He or she must have achieved excellent professional skills through service with a broadly-based professional firm and have the personality and flair to make a significant contribution in a dynamic Group of Companies. A degree of UK travel will be involved.
Please send detailed c.v. to D. H. Scott FCA, or alternatively ring 0532-432181/5 to arrange an early confidential interview, which will be held in London.

DON SCOTT ASSOCIATES
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We are seeking a self-confident, energetic young accountant who, under the guidance of the Finance Director, would take over responsibility for the control of group cash flow, handling *the group bank facilities, foreign exchanges and money market* operations and also be involved in other Head Office financial functions. It is intended that after about two years he or she would be promoted either at Head Office or to a line appointment with a subsidiary company.

The successful candidate is likely to be a graduate aged 25 to 28 who qualified with a major firm of accountants and *wishes to leave the profession for industry.*

Full career and personal details to:—
J. B. C. Lethbridge
UNITECH PLC
Phoenix House, Station Hill, Reading RG1 1NP
(0734 507075)

ASSISTANT COMPANY SECRETARY

Interesting and varied opportunity for someone aged 25/40 years, with experience up to trial balance. The position is one of confidence and entails preparing financial statements and records for private companies and trusts based in Romford, Essex. The ideal candidate must have the ability to work accurately and should have knowledge of trust law, capital gains, taxation and VAT. Knowledge of computer data input an advantage.

Write Box A0085, Financial Times
10 Cannon Street, London EC4P 4BY

County of Avon
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Salary Scale: Vice Principal, Burnham Group VII £20,880-£21,936

The Governors seek to appoint by no later than 1 September 1986 an Assistant Director with a major responsibility for the forward planning and allocation of the College's annual recurrent grant and its capital allocations. The person appointed will hold a wide-ranging portfolio of duties which will include, inter alia, the use and management of buildings of all kinds.
Preference will be given, though not rigidly so, to graduates (or equivalent) who have attained full ICMA/CIPFA qualifications and who have appropriate experience, not necessarily exclusively, in education. Knowledge of computer modelling and MIS development is also a requirement.
Further particulars and details of the method of application from The Director, Bath College of Higher Education, Newton Park, Newton St Loe, Bath BA2 9BN (Tel: Saltford 3701). Closing date 11.4.86.
County of Avon is an equal opportunities employer

SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Thursday March 20 1986

Philips expects to lift earnings again despite flat sales

BY LAURA RAUN IN AMSTERDAM AND JASON CRISP IN LONDON

PHILIPS, the Dutch electronics group, expects its profits to rise again this year after a 17 per cent drop to Fl 919m ($359m) in 1985, when it suffered slumping sales and lower earnings of microchips and consumer electronics in the US.

Turnover is expected to be flat in 1986, though, due to the dramatically lower dollar and termination of some loss-making and peripheral activities.

Mr Cor van der Klugt, vice president in charge of consumer electronics and president from next month, predicted that the division would approach the break-even point this year excluding Polygram, the music publishing subsidiary. Consumer electronics lost Fl 216m in the US in 1985, although the consolidation of Polygram produced a Fl 34m operating profit. That followed losses of Fl 611m in 1983 and 1984 combined.

The dramatic improvement in Polygram, which returned to the black with a Fl 250m operating profit, was almost entirely due to booming sales of compact discs. Buoyant demand for compact discs coupled with a supply shortage has recently sent prices higher.

The electronic components division saw its operating profit plunge to Fl 44m last year from Fl 1.21bn, primarily because of losses estimated at several hundred million guilders at the Signetics microchip subsidiary. Mr Leo Heesels, vice president for electronic components, forecast that Signetics of the US would break even or move slightly into the black this year.

The cyclical slump in integrated circuit industry is showing signs of ending, aided by some rebound in the personal computer market, and that should erase most of Signetics' losses, Mr Heesels said.

North American Philips Trust, which includes Signetics and the group's consumer electronics operations in the US, plunged into a Fl 133m loss in 1985 from a Fl 519m profit the year before. Philips predicted that the American operations would improve this year through cost-cutting in consumer electronics, which have been hit hard by fierce competition from Japan, and the rebound in integrated circuit sales.

Reserves set aside for streamlining operations through closures and layoffs were trimmed to Fl 344m last year from Fl 725m the previous year. Philips suggested that restructuring reserves would drop to around Fl 200m this year, with perhaps half of that going into consumer electronics.

The other four divisions of the Eindhoven-based company performed well. Operating profits in the lighting division rose 15 per cent to Fl 910m while those of the household appliances side increased 13 per cent to Fl 397m. The professional electronics division lifted its operating surplus 11 per cent to Fl 1.48bn and miscellaneous operations edged up 3 per cent to Fl 200m.

Lex, Page 20

William Hall looks at a US bank's ambitions in the financial information sector

Citicorp offer boosts Quotron shares

SHARES IN Quotron Systems, the Los Angeles-based supplier of financial information services to brokers, banks and insurance companies around the world, jumped sharply in heavy trading yesterday after Citicorp's $680m takeover bid.

Mr Milton Mohr, the 70-year-old chairman and chief executive of Quotron, and several of his executives were holding urgent meetings in New York. They refused immediately to endorse the surprise bid from America's biggest banking group, which has made no secret of its wish to become a leading player in the worldwide information business.

In a brief statement, Mr Mohr said it would be premature to comment on any aspect of Citicorp's offer, including the adequacy of the amount offered, the likelihood of regulatory approval or a possible adverse impact on existing Quotron business relationships. Quotron's stock jumped $2¾ to $19½ in early trading.

Citicorp has long been rumoured to be interested in buying Quotron, which provides stock quotations and data-base services through some 80,000 terminals around the world. Among Quotron's biggest customers are Merrill Lynch, Sears Roebuck and American Express – regarded as long-term competitors for Citicorp. Citicorp's move is likely to intensify competition in a rapidly changing marketplace.

Quotron controls roughly two thirds of the US market and would give Citicorp an important foothold in a market where companies as diverse as Reuters, AT&T, Sears Roebuck, Dow Jones, Telerate and IBM are jostling for competitive advantage.

Mr Walter Wriston, former chief executive of Citicorp and the man largely responsible for crafting the group's current strategy, has said on several occasions that "information about money is almost as important as money itself, because information is central to decision-making."

Citicorp argues that given the rapidly growing volume of information becoming available, the packaging of the information – determining what is relevant – and its distribution will be the key to success.

Mr Wriston forecast a couple of years ago that worldwide information industry revenues were likely to rise from $15bn in 1983 to $25bn by 1987 and said: "The information business could easily rival any of our banking businesses as a profit generator in the 1990s."


John Reed, Citicorp's chief executive

The $19-a-share cash bid for Quotron is the most dramatic evidence so far of Citicorp's determination to become a big packager and distributor of financial data-base services worldwide. For more than a decade, Citicorp has been expanding its interests steadily and over the last year the pace has been accelerating.

Last year Citicorp started a joint venture with McGraw-Hill, the US publishing and information group, to provide the first integrated global electronic trading, information and financial services marketplace for petroleum, petroleum products and petrochemicals. It will marry McGraw's information on commodities with Citicorp's financial communications network.

The venture brings together buyers and sellers of commodities and enables them to trade directly with each other, with Citicorp providing the ancillary financial services to complete the transactions.

More recently Citicorp, has teamed up with RCA, the entertainment and communications group recently acquired by General Electric, and Nynex, the regional telephone company, to provide information electronically to US homes. It has also begun a West Coast venture to provide information to shippers around the world.

The banking giant says it is committed to being "number one in the effective use of technology on a global scale." However, the interest in technology is not solely motivated by the desire to improve its ability to distribute its services around the world. Mr John Maloney, a Citicorp public relations official, said yesterday that the move, if successful, would give the group "a very strong earnings stream over the long term."

Despite its success in recent years, Citicorp has a relatively lowly stock market rating compared with rivals such as American Express and Merrill Lynch, which are not carrying a heavy burden of Third World loans.

At the moment, Quotron remains a relatively small, albeit fast-growing concern, whose financial contribution would be hardly noticed by Citicorp, which last year earned $998m. Quotron earned $22m or 84 cents per share, on revenues of $206m.

Citicorp's bid is the boldest step so far by Mr John Reed, who took over from Mr Wriston as chief executive. Mr Reed said in a letter to Mr Mohr yesterday that he was "convinced that Quotron can greatly accelerate its development and role in the information business as part of Citicorp's family."

Mr Reed indicated that he wanted Quotron's management team to remain in place and would operate Quotron as a separate company designated as Citicorp's "information segment".

Last year, Quotron announced plans to jointly develop and sell a sophisticated computer-based financial information system aimed at Wall Street firms in partnership with AT&T.

Degussa to step up capital spending

By John Davies in Frankfurt

DEGUSSA, the West German precious metals and chemicals concern, is pressing ahead with an ambitious investment programme to provide the basis for further expansion.

The group expects to invest DM 450m ($200m) in West Germany and abroad this financial year after DM 408m in the last financial year. This is well above the level of recent years, when it varied between DM 322m and DM 288m.

Executives said that Degussa was on a growth-oriented course in its three main fields of metals, chemicals and pharmaceuticals. The investment emphasis was increasingly towards extension of present plant and construction of new plant.

Degussa is also expanding through acquisitions. It announced last week that it was extending its carbon black business with an agreement to buy manufacturing interests from Phillips Petroleum of the US. It is not yet clear, however, whether Phillips' partners in some of these ventures may exercise an option of first right to buy the Phillips' stake in their ventures.

Degussa has also reached agreement to take over Metz Metallurgical of the US, a small company whose products include materials used in the electronics sector.

Mr Gert Becker, Degussa's chief executive, said the company was still on the lookout to accelerate expansion of its pharmaceutical business through a takeover.

Degussa increased its group sales revenue to DM 11.7bn in the financial year ended last September 30, compared with DM 11.1bn in 1983-84.

Group net profit edged up to DM 112m from DM 110m in 1983-84. The parent company is increasing its dividend for the third successive year to DM 10 per share, compared with DM 9.50 for 1983-84, DM 9 for 1982-83, and DM 8 for 1981-82.

Mr Becker said sales revenue in the first five months of this financial year was slightly down on a year ago, because of slower growth in chemicals and the lower dollar, which had affected metal prices.

Spanish ITT unit returns to profit

BY DAVID WHITE IN MADRID

STANDARD ELECTRICA, a subsidiary of ITT and Spain's chief maker of telecommunications equipment, has reported a profit of Pta 138m ($975,000) for 1985 after five years of losses.

However, the earnings figure of the company, which has undertaken restructuring and labour cuts, was below forecasts made in the middle of last year. In the previous year it cut its losses to Pta 650m from more than Pta 1bn. Cash flow improved 57 per cent last year to Pta 1.93bn.

Sales were 12 per cent up at Pta 59.2bn, almost three quarters of which went to Compania Telefonica Nacional de Espana, the semi-state telecommunications authority, which holds a stake of more than 20 per cent in Standard. Exports rose 14 per cent to Pta 9.6bn.

The restructuring programme absorbed Pta 3.4bn, with the workforce being reduced by 500 to 15,100. Mr Manuel Marquez Balin, chairman, said a further 750 jobs would be trimmed this year.

A three-year reconversion plan involving all ITT's Spanish manufacturing operations comes to an end this year. The final plan, affecting about 2,000 of the group's 19,000 employees, included Pta 16bn in state support and was geared to the development of advanced-technology sectors for export.

Standard's sister company, Marconi, which it was agreed last year to break up into four units, increased its losses to Pta 2.9bn last year from Pta 2.4bn in 1984.

Toys 'R' Us sales up 10% in quarter

By Terry Byland in New York

TOYS "R" US, the speciality US toy retailer, reported sales in the Christmas selling quarter rose by more than 10 per cent. The group also saw a similar gain in quarterly earnings over the year-ago figure to $88.1m or $1.02 a share.

Earnings for the full fiscal year to February 2 increased 7.5 per cent to a record $119.8m on sales of $2bn, also a new peak, against $1.7bn the previous year. The share price eased on Wall Street after the announcement, losing $⅝ to $39⅝ in quiet trading.

Mr Charles Lazurus, chairman, said the company increased its share of the US toy retailing market from 14 per cent to 15.5 per cent last year, adding 35 new stores to bring the total to 233.

Klöckner forecasts further recovery

BY OUR FINANCIAL STAFF

KLÖCKNER-WERKE, the West German steel and engineering group, has reported a strong recovery in trading performance for the year ended September 1985, and forecast further significant progress in the medium term.

The group moved out of the red at the operating level last year after markedly reduced losses on steel trading. It made profits of DM 33.8m ($15m) in 1985 against a loss of DM 147.9m the previous year. Net profits moved up from DM 4.8m to DM 35m.

Mr Herbert Gienow, the managing board chairman, said yesterday that Klöckner's steel division cut back its defecit from DM 201m to just DM 3m. The group's biggest steel works (at Bremen) turned a loss of DM 84m into a similar profit.

For the current year Mr Gienow expects at least to maintain operating profits. But he explained that a big improvement was likely for 1986-87 as a result of Klöckner's huge restructuring programme.

Mr Gienow emphasised that the group's focus would increasingly shift towards processing and engineering in line with the move to establish Klöckner as a high-technology company. The group is pushing ahead with plans to hive off its steel activities.

On the non-steel side, processing and engineering turnover rose 15 per cent to DM 1.4bn last year. In the next 10 years, processing turnover should rise to about DM 6bn,

Baldwin-United plan approved

BY OUR FINANCIAL STAFF

BALDWIN-UNITED, the financial services group which filed for Chapter 11 bankruptcy protection in 1983, said yesterday that its reorganisation plan had been approved by a US bankruptcy court in Cincinnatti.

The company said it would now go ahead with the plan, which was filed with the court last August. It calls for Baldwin to emerge from bankruptcy with operations in trading stamps, travel agencies, motivational courses and life insurance.

Earlier this week Kaufman & Broad, the Los Angeles-based financial services group, offered to take over Baldwin's $4bn annuity business, following a rival offer by Metropolitan Life.

The two offers result from a two-phase rescue plan designed to prevent Baldwin's policy holders losing interest and principal on single-premium deferred annuities which they bought through brokerage firms and other insurance companies.

Asturienne lifts dividend payout 10%

By Paul Cheeseright in Brussels

COMPAGNIE Royal Asturienne des Mines turned its back on the past yesterday with a 10 per cent increase in dividend payments and an 11 per cent rise in its share price on the Brussels bourse to the top of the 1985-86 trading range at BFr 1,170.

Last September Asturienne disposed of its zinc interests to Vieille-Montagne and became an investment house specialising in the mineral sector – property in which it already had interests – and venture capital.

The company is part of the Union Miniere group, the minerals flagship wholly owned by Societé Générale de Belgique.

The net dividend for 1985 has been set at BFr 33 for ordinary shares and BFr 35.20 for shares with special tax advantages.

Net profits last year rose to BFr 1.17bn ($25m) by the sale of the zinc interests for BFr 1.08bn. Payment for the sale is spread over five years although the whole amount has been entered in the books.

Asturienne's profits reduce to BFr 90m without the exceptional gain, compared with BFr 123.6m in 1984.

Elsevier sees 7% increase in sales

By Our Financial Staff

ELSEVIER, the Dutch publishing group, says its pre-tax profit for 1985 rose 24.8 per cent to Fl 191.7m ($75m) from Fl 153.6m a year earlier. Sales rose 7 per cent to Fl 1.53bn.

Earnings per share improved to Fl 10.4 from Fl 8.6. A dividend of Fl 3.60 per share will be declared, compared with Fl 3 for 1984.

The group said scientific and newspaper publishing companies were largely responsible for the rise in earnings. While other consumer publishing subsidiaries in the Netherlands booked disappointing results, profits from US companies were "satisfactory."

The group said they were expecting further growth in profits in 1986.

● The European Investment Bank plans a Fl 300 m ($117m), 6.5 per cent 10-year bond issue on the Dutch domestic market. Issue price will be announced next week.

Paris bourse changes rules to speed up takeover procedures

BY DAVID MARSH IN PARIS

THE COMMISSION des Operations de Bourse (COB), France's stock exchange regulatory body, has announced new rules to speed up procedures for the growing number of takeover bids involving French companies.

The new regulations, announced last night by Mr Yves le Portz, the COB chairman, come at a time when the Paris bourse is in the throes of digesting three takeover battles centred on the Providence insurance company, the Radar retailing chain and the Valeo vehicle components company.

The sudden rush of bids has come after a gap of four years since the last hostile takeover in France, involving the Jacques Borel catering chain.

The rules set down a five-day limit for the COB to approve takeover prospectuses issued by companies making bids. The same time limit is set for the French stockbrokers association to decide on the technical acceptability of a takeover bid.

The speeding up of procedure complements a decision by the Finance Ministry earlier this month to drop the requirement that all takeover bids be submitted to it for approval.

Previously there was no time limit for the COB and the stockbrokers association to check on takeover bid procedures. This was both cause and effect of the sluggish level of takeover activity in France.

Roughly 10 "arranged" takeovers take place a year as a prelude to mergers or joint ventures. But the absence of hostile takeovers has often been cited as contributing to the rigidity of France's industrial structure.

The spate of innovation and deregulation on the Paris bourse, and the transfer to mainland Europe of aggressive techniques pioneered in London and New York, are among factors likely to accelerate takeover activity in France in coming years.

Further, denationalisation of leading state-owned banks, insurance companies and industrial groups, expected to be put in place progressively by the new government, is likely to open the way for more takeovers.

Texaco and Nippon Oil launch joint US exploration venture

BY TERRY DODSWORTH IN NEW YORK

TEXACO, the US oil major struggling to nullify a $11.1m damages award to Pennzoil, has signed a deal with Nippon Oil of Japan to help a new exploration drive on its energy properties in the US.

The agreement, clinched in Houston yesterday, was hailed by Texaco as a sign of confidence in the company's ability to ride out the storm over the damages award, which arose when the company was sued by Pennzoil after winning a takeover contest for Getty Oil.

Nippon, the largest Japanese oil group, will pay about $100m towards drilling and other costs associated with exploring and developing 100,000 acres of oil and natural gas prospects in Texas, California, Colorado, New Mexico, North Dakota and Utah.

The Japanese Government will provide financing to Nippon Oil through the Japan National Oil Corporation (JNOC).

Texaco and Nippon have worked together on international programmes in the past, but the new project will be the first time the Japanese group has been involved in such a large joint venture in the US.

The agreement gives Texaco access to additional financing at a time when it is short of cash because of the cost of its acquisition.

Announcing the accord, Mr Roland Routhier, president of Texaco USA, said the venture was possible because of the recent ruling in a US federal court on the damages issue which eliminated the need for Texaco to post a $12bn bond to continue its appeals process.

International Thomson advances

BY BERNARD SIMON IN TORONTO

INTERNATIONAL Thomson Organisation, the publishing, travel and energy group controlled by the Thomson family of Toronto, lifted net income to £111m ($162m) or 37.9p a share last year from £99m or 33.7p a share in 1984.

Sales rose by 1.6 per cent to £1.76bn, and operating profit by 3.2 per cent to £191m.

Timing of oil shipments and the impact of the weakening US dollar on oil revenues dented results in the fourth quarter, when operating profits declined from £56m to £43m. Net fourth quarter earnings rose slightly from £22m to £23m.

Sales from oil and gas operations in the North Sea and North America slipped by 11 per cent last year to £450m while operating profits from this division fell from £116m to £96m.

A company official said yesterday that unusually large quantities of oil were delivered from its North Sea operations in 1984. "A long hard look at our overall oil investment" prompted a cut in the carrying values of some of the company's North American investments.

Trading profits from travel rose from £27m to £33m, but these do not fully reflect the stiff competition and slim margins in the British tour market since the second half of last year. The company official said "the margins will be slimmer, but the volumes have exceeded our expectations so far."

The effect of the price war will only be apparent later this year when holidays are fully paid for. On the other hand, Thomson began to benefit late last year from interest income on the unusually high number of deposits on 1986 holidays.

INTL. COMPANIES & FINANCE

Pemex lifts cash surplus but oil export revenue falls 11%

BY DAVID GARDNER IN MEXICO CITY

MEXICO'S oil export revenue fell 11.3 per cent in 1985, ahead of this year's international oil market collapse, and for the second year running the country's proven oil reserves were down.

These are the highlights of the annual report of Petroleos Mexicanos (Pemex), the Mexican state oil monopoly, which nevertheless managed to lift its cash surplus 50 per cent in Peso terms, and maintain it at around 1984 levels in dollars.

The surplus – not the same as corporate profits because more than 90 per cent goes to the Mexican Treasury which derived half of all taxes from Pemex last year – rose to Pesos 4,013bn against Peso 2,669bn in 1984. At the "controlled" rate for the peso against the dollar, used for 80 per cent of Mexico's trade, the surplus is equivalent to $15.6bn marginally down on 1984.

Earnings from crude and downstream products for export brought in $14.6bn last year against $16.5bn in 1984. This was equivalent to 67 per cent of Mexico's total export revenue.

Announcing the figures, Mr Mario Ramon Beteta, director general of Pemex, said proven reserves fell to 70.9bn barrels (of which 48.6bn were crude oil) from 71.75bn barrels last year.

Though the difference is small, the fall follows the first-ever downward adjustment of officially placed reserves (from 72.5bn barrels in 1983), and publicly acknowledges the strain on Pemex's accounts and performance of having to provide more than half the nation's resources.

Spending on new exploration and maintenance has suffered since Mexico's financial crisis in 1982. This year, when Pemex is expected to produce about half the country's export revenue as a result of the oil glut, current spending would be cut back, Mr Beteta said. Exploration would be concentrated in and around the country's richest proven fields in the south east, both onshore and in the Campeche Sound.

These are also the areas where production costs appear to be lowest. Though Pemex does not publish its costs, it can be calculated from the figures that the average cost last year of a barrel of Mexican oil was $6.92, exclusive of new development spending.

From this week Pemex will also renew payments to its suppliers, suspended at the beginning of last month when the oil price fall began to bite. This suspension had a traumatic effect on Mexico's industry, since Pemex, by far the country's largest company, last year bought in goods and services worth Peso 450bn at home, as well as $350m abroad.

The company's financial position was alleviated last week when the $3bn in bankers' acceptances it holds with US and UK banks, and which it uses to finance its diminishing trade, were extended from 90 to 180 days.

Pemex's overall foreign debt, which peaked at $19.8bn at the end of 1982 – has been further reduced, according to the report, to $15.7bn. Total debt service payments last year were $2.75bn, $1.64bn of which was interest. About two thirds of the company's foreign borrowing was restructured last year under the multi-year rescheduling of half Mexico's total foreign debt of $97bn.

Mr Beteta said Mexico would continue to pursue a flexible pricing policy for its oil in an effort to defend its declining market share, but ruled out selling in the spot market or other "speculative" practices.

Mr Beteta also ruled out a partial surrender of the state monopoly in the oil industry, as Mexico's bankers, among others, have been suggesting.

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE MARCH 14 1986

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	9.540	−1.973	12.240	9.539
Australian Dollar	13.831	−2.606	14.630	12.600
Canadian Dollar	11.219	−1.709	13.060	11.074
Euroguilder	6.153	−0.032	7.710	6.084
Euro Currency Unit	9.112	−1.916	10.000	9.112
Yen	6.654	−0.359	7.330	6.638
Sterling	10.478	−3.827	11.932	10.478
Deutschemark	6.599	−0.182	7.770	6.582

Bank J. Vontobel & Co Ltd, Zurich - Telex: 812744 JVZ CH

Zambia Consolidated Copper Mines Limited and its subsidiary companies

Operating and Financial Results for Quarter ended 31 December 1985

	Quarters ended 31 December 1985	Quarters ended 31 December 1984	Nine months ended 31 December 1985	Nine months ended 31 December 1984
Production (tonnes)				
Copper	109 767	129 230	347 918	394 283
Cobalt	1 158	769	3 236	2 600
Lead	2 165	1 516	6 248	7 669
Zinc	5 638	5 030	14 432	23 365
Sales (tonnes)				
Copper	147 537	151 517	406 374	436 458
Cobalt	903	1 307	2 959	2 594
Lead	1 806	1 579	5 644	7 853
Zinc	6 030	6 577	16 125	23 311
Average realisations (Kwacha per tonne)				
Copper	7 956	2 819	4 781	2 663
Cobalt	138 451	50 324	79 530	44 519
Lead	2 819	907	1 562	823
Zinc	4 054	1 729	2 813	1 737

Consolidated Profit and Loss Account (Unaudited and Condensed)

	Km	Km (Restated)	Km	Km (Restated)
Sales	1 380.4	516.0	2 689.8	1 357.2
Cost of Sales	832.1	387.0	2 026.2	1 079.3
Profit on sales	548.3	129.0	663.6	277.9
Share of associated companies' profits	—	0.1	—	0.1
Exchange loss	(282.8)	(18.4)	(330.4)	(55.3)
Interest receivable	2.8	1.4	5.8	3.2
Interest payable	(96.8)	(39.4)	(173.5)	(107.9)
Profit before taxation	171.5	72.7	165.5	118.0
Taxation (payable)/recoverable				
—Mineral export tax	(155.3)	(35.2)	(244.2)	(96.1)
—Equity levy	(0.1)	—	(0.2)	—
—Income tax	3.3	(1.1)	2.4	(2.1)
Net profit/(loss)	19.4	36.4	(76.5)	19.8
Profit/(loss) per share	K0.21	K0.40	K(0.86)	K0.22

NOTES:
(1) The financial summaries are presented in Kwacha, the currency of Zambia.
(2) In some respects, the accounting principles adopted by the group differ from those used in the United States of America. The group's Annual Report Form 20-F to the Securities and Exchange Commission describes the major differences.
(3) At 31 December 1985, the exchange rates were K1 = US$0.175 and K1=£0.121 and on 3 March 1986 K1=US$0.142 and K1 = £0.097.

QUARTERLY REVIEW

Copper production for the quarter ended 31 December 1985, at 109 767 tonnes, was 19 463 tonnes lower than the 129 230 tonnes achieved in the corresponding quarter of 1984. The lower output was attributable to the continuing shortages of spare parts and consumables. Copper sales, at 147 537 tonnes, were 3 980 tonnes lower than the sales of December 1984 quarter. Copper sales included metal bought-in and delivered to the group's customers by its associated company, Memaco Trading Limited.

The average sales realisation on copper, at K7 956 per tonne for the quarter, was 182 per cent higher than the K2 819 per tonne obtained in the same period of 1984. This was due to the substantial depreciation of the Kwacha, following the introduction of the foreign exchange auctioning system in October 1985. This trend affected realisations on other metals.

Cobalt production, at 1 158 tonnes, was 51 per cent higher than the production in the same quarter of 1984. Sales of cobalt, at 903 tonnes, were 31 per cent lower than the 1 307 tonnes sold in the corresponding period of 1984. The average sales realisation for cobalt, at K138 451 per tonne, was significantly higher than hte K50 324 per tonne realised in the December quarter of 1984.

Production of lead, at 2 165 tonnes, was 43 per cent higher than the 1 516 tonnes produced in the same period of 1984. Zinc production of 5 638 tonnes was 12 per cent higher than the production in the corresponding quarter of 1984. Lead sales of 1 806 tonnes were higher than the sales achieved in the December quarter of 1984, while the zinc sales of 6 030 tonnes were lower than the sales achieved in the December 1984 quarter.

Total sales revenue for the quarter was K1 380.4 million, an increase of 168 per cent over the K516.0 million for the corresponding quarter of 1984.

The group recorded a profit on metal trading of K548.3 million for the quarter, against a profit of K129.0 million in the quarter ended 31 December 1984. After taking into account net interest of K94.0 million an exchange loss of K282.8 million and mineral export tax and other taxes amounting to K152.1 million, the group achieved a net profit of K19.4 million for the quarter, compared with a net profit of K36.4 million recorded during the same period of 1984.

In accordance with legislation enacted in August 1985, the rate of mineral export tax was increased from 10 per cent to 13 per cent in December 1985 with retrospective effect from 1 October 1985. This increase has resulted in an additional charge of K35.3 million for the quarter, which is reflected in the results reported.

For the nine months to 31 December 1985, the group incurred a net loss of K76.5 million compared with a net profit of K19.8 million recorded during the same period of 1984.

During the quarter, the Kwacha moved from K1 = US$0.448 and *K1 = £0.318 at 30 September 1985* to K1 = US$0.175 and K1=£0.121 at 31 December 1985. This represented a depreciation of the Kwacha of 61.0 per cent against the dollar and of 61.9 per cent against sterling.

The Board of Directors has not declared a dividend in respect of the quarter ended 31 December 1985.

STOCK EXCHANGE SET FOR GREATER FOREIGN PARTICIPATION

Singapore to ease broking rules

BY CHRIS SHERWELL IN SINGAPORE

THE SINGAPORE Government appears committed to allowing increased foreign participation in local stockbroking firms at an early date, with majority control likely in some cases.

Dr Richard Hu, the Finance Minister, told parliament that stakes of 49 per cent were under consideration and added that exceptions might be made. He was responding to suggestions that foreign firms be allowed full membership of the Singapore Stock Exchange in the wake of its current crisis.

At the same time the exchange's management has recommended that foreign institutions initially be allowed to hold up to 40 per cent of the equity in member firms, and that this proportion be allowed to increase every three years.

The exchange's recommendations are contained in a document put out on Monday which gives member firms only 72 hours to respond. The move reinforces the impression that the Government is determined to press ahead with changes as quickly as possible after years of members' foot-dragging.

This follows a separate development in which the Government unexpectedly made further changes in its 99-page Securities Industries Bill, first laid before parliament in January.

A fresh Bill introduced last month inserts new provisions allowing the Monetary Authority of Singapore, the island state's powerful regulatory body, to forbid or restrict forward share dealings and off-floor trading, activities which are widely believed to have contributed to the current crisis in the local exchange.

The Bill also broadens still further the definition of "security," making the Government's control of the industry even more far-reaching. Some bankers believe this control may be so extensive it could dampen foreign institutions' enthusiasm for setting up in Singapore.

Regarding foreign participation in local broking firms, most prospective foreign partners believe that 40 per cent or even 49 per cent stakes might not be enough to entice them in unless there is a guarantee of management control, or alternatively, a majority stake within a defined period.

Several local firms which will survive the present crisis are now negotiating with possible foreign partners. Currently only J. M. Sassoon has one, the Kuwaiti Investment Office, which has a 25 cent holding dating back to 1984. Another firm, Tsang and Ong Stockbrokers, has a local corporate partner in the form of a company owned by the Kwek family, which controls the Hong Leong group. This company now has 40 per cent of the firm.

Foreign demand for SIA shares causes problems

A PROBLEM has arisen for Singapore International Airlines because of the recent surge in foreign demand for the national flag carrier's shares since it went public last December, Chris Sherwell writes from Singapore.

The problem is a limit of 20 per cent restricting the foreign shareholding in the company, specified by its articles of association. By this month, 16.5 per cent of SIA's total 620m shares had already found their way into foreign hands.

Brokers who see SIA as the best buy on Singapore's persistently weak stock market have grown cautious about recommending the share in order to avoid any embarrassing share certificates. The effect of this view is to soften the company's share price.

SIA shares closed on the Singapor Stock Exchange at S$6.40 yesterday. Last month growing foreign interest drove it to a high of S$6.95, pushed by the fuel price outlook, government reductions in labour costs and a favourable currency trend.

This in turn was in stark contrast to its share performance immediately after the public offer, when the price slid to a low of S$3.98 under the impact of the Pan-Electric affair and the release on to the market of an additional 30m employee-owned shares.

Of the original 100m shares offered, just over 40m were privately placed abroad. These become tradable when a 120-day moratorium expires on April 17, which could affect the price further, but the overall foreign stake has meanwhile increased to at least 102m shares.

The company is believed to be examining the problem caused by the 20 per cent limit. It has mystified broking analysts, who point out that the Singapore Government still owns more than 63 per cent of the company.

It is possible that, without a resolution of the problem, SIA's hopes of eventual overseas listings will have to be frozen. Its profits outlook, on the other hand, is widely agreed to be hot: analysts are projecting group pre-tax profits in 1987 of more than S$370m (US$170.9m). The 1985 figure was just under S$200m.

First-quarter reverse for Sony

BY YOKO SHIBATA IN TOKYO

SONY, the Japanese electronics group, suffered a 5.5 per cent fall in consolidated net profits to Y18.73bn ($107m) for the first quarter ended January 31.

Given the steep appreciation of the yen during the period, Sony managed to contain its profit fall because of strong sales of high margin products such as compact disc (CD) players and the new format 8mm video cassette recorders (VCRs).

Because of the company's high proportion of overseas sales, accounting for 71 per cent of total turnover, its exposure to the impact of the exchange rate had been of concern. Operating profits for the quarter declined by as much as 22.2 per cent to Y27.89bn, reflecting the run-up in the yen's value, which offset product price rises and cost reduction efforts.

Per-share profits came to Y81, down from Y86 a year before.

Sony achieved sales growth of 8.4 per cent to Y366.08bn in the quarter. Domestic sales rose 17.7 per cent, but overseas sales were up a more muted 5 per cent. Sales in the US accounting for 32.5 per cent of all turnover, surged by 34 per cent in dollar terms, but in yen terms the increase was only 6.8 per cent.

Sales of video equipment advanced by 8.5 per cent in value, reflecting expanded shipments of 8mm VCRs to 300,000 units, compensating for sluggish sales of Beta-format half-inch VCRs. Sales of audio equipment climbed 18.7 per cent, supported by compact disc players where volume demand jumped 3.3 times, also reaching 30,000 units. In addition, the Walkman stereo cassettee players and radio cassette recorders fared well.

Television sales gained only 1.9 per cent owing to the collapse of exports to China where foreign currency reserve problems were encountered.

For the second quarter to April, Sony has already covered its exports fully in the forward exchange market with a rate of Y212 against the dollar. However, it has not covered its shipments in the second half-year.

As a result, full year consolidated net profits are expected to be 25 per cent to 30 per cent lower than the previous year's level assuming a dollar rate of Y170.

Alcoa eyes group with $2bn sales

By Our Financial Staff

ALUMINUM COMPANY of America (Alcoa), the largest US aluminium producer, is hoping to acquire an unidentified US company with annual sales of $2bn as part of its diversification efforts, Mr Charles Parry, chairman, has revealed.

Mr Parry said in New York that Alcoa had been studying an acquisition for a number of months and had been focussing on three of four companies. He would not identify the type of business in which the potential acquisition is engaged, but did say that a bid could be made within several months.

Alcoa has recently been trying to diversify from basic aluminium production, and in January announced a $100m joint venture with Metal Box of the UK to make plastic food-packaging.

Mr Parry added that Alcoa had been studying for the past six to nine months the possibility of selling some of its property assets.

African Cables back to profit

By Jim Jones in Johannesburg

AFRICAN CABLES, the South African associate of BICC of the UK, returned to profits in the six months to January and has restored its dividend.

Turnover rose to R42.6m ($21.3m) from R37.3m and pre-tax profits of R2.18m were achieved against a loss of R3.40m.

The interim dividend is 3 cents, paid on net earnings of 5.16 cents a share against losses of 10.56 cents.

ICI Pakistan lifts dividend

BY MOHAMMED AFTAB IN ISLAMABAD

ICI PAKISTAN Manufacturers, which produces soda ash and polyester fibre, has increased its dividend from 25 per cent to 32 per cent for the year to last September. A further payout is expected as various units of ICI are planning to merge in Pakistan.

The company benefited from a sharp reduction in its current and deferred tax liability, following a government cut in corporate taxes for 1985-86. The tax concession assisted a 407 per cent increase in net profits to PRs 138.8m ($8.68m).

Sales increased 10.2 per cent to PRs 966m (PRs 876m in 1984). This was despite what the company sees as unfair competition to its polyester fibre, from South Korean and Taiwanese imports, which it described as dumping. The paid-up capital was unchanged at PRs 260m, of which ICI of the UK controls 61.56 per cent. Its current assets are PRs 456m.

The company is expanding its soda ash unit. It has also sought government permission to expand its polyester fibre factory.

Budget opens window for sterling bonds

BY OUR EUROMARKETS STAFF

A WINDOW opened in the Eurosterling bond market yesterday as British interest rates fell and in reaction to the Budget's imposition of stamp duty on domestic bond trading. Two British borrowers tapped the market, including Imperial Chemical Industries which broke new ground in two respects.

Morgan Grenfell and Lloyds Merchant Bank led ICI's £100m deal, which has a novel 17-year maturity and was the first long-term sterling corporate debt not to include covenants which have previously been demanded by UK institutional investors.

In yesterday's very strong market, investors bought the paper first and decided to worry about the covenant issue later. The ICI deal has a coupon of 10 per cent and an issue price of 99½, and was trading above par last night.

Investors in Industry (3i) launched a more conventional seven-year £60m first tranche of a £100m Eurosterling issue with a 10 per cent coupon and price of 100½, with S. G. Warburg as lead manager. It was quoted later at less 1 per cent bid.

This is the first fixed rate Eurosterling issue for this borrower for some years, and 3i said that they saw yesterday's strong market as an exceptional opportunity to make an issue. The proceeds will not be swapped.

Centrust Savings Bank launched a $100m Eurobond with an 8 per cent coupon maturing in 1993. The issue was priced at par, and has put and call options at par in 1991. It is in targeted registered form and is collateralised with cash, US Treasuries and US Government Agency Securities.

In the Ecu market, secondary prices moved slightly easier on profit-taking.

Credit Foncier de France launched an Ecu 200m floating rate note priced at 100.05 per cent. The bond pays interest at a rate of five basis points over three-month Libor. Fees total 14 basis points. The issue is accompanied by 200,000 warrants, priced at Ecu 9 each, exercisable into a 7⅛ per cent Ecu bond due 1996 at par. This bond is callable after six years at 101, declining by ¼ per cent a year thereafter.

Outokumpu Oy, the Finnish Government-owned mining and engineering group, launched an Ecu 60m 10-year issue. The coupon is 8 per cent with the issue price par and fees at 2 per cent. Lead-manager Kansallis-Osake-Pankki reported trading levels around total fees.

Postipankki launched a Y10bn 10-year issue with a coupon of 8 per cent and an issue price of 101¾ per cent led by Nomura Securities. The redemption value is linked to the dollar/yen exchange rate.

Also in the yen sector yesterday Dansk Naturgas launched a Y10bn, five-year issue with a 7¼ per cent coupon and issue price of 101½ per cent. Lead manager is Yamaiichi Europe and the redemption value is also linked to the dollar/yen exchange rate.

In the Swiss Franc sector the equity-linked SFr80m issue for Japan's Itoham Foods has been awarded a coupon of 1⅞ per cent by Swiss Bank Corporation. This is the first time that such an issue has been launched at less than 2 per cent and reflects in part competition from the German markets where borrowers have been able to achieve record low coupons on such issues recently.

Expected soon is a public issue for Consolidated Goldfields, the UK mining company with extensive South African interests. Secondary market prices were slightly weaker.

D-Mark bonds closed around ½ per cent lower in thin trading after a weak session in the domestic market.

Barclays' Zimbabwe loan

BY TONY HAWKINS IN HARARE

ONE OF the largest single investment projects to be undertaken in Zimbabwe since independence was announced yesterday by Wankie Colliery, which is to spend Z$31.5m (US$20m) on rebuilding its coke oven battery and rehabilitating its coke oven machinery and by-products plant.

Mr Douglas Kadenhe, chairman of the state-controlled company, said the project is being partially financed by a £4.5m ($6.65m) loan from Barclays Bank, guaranteed by Britain's Export Credits Guarantee Department.

It will carry interest at 8.8 per cent

Hungary launches unique floater

By Peter Montagnon, Euromarkets Correspondent

A UNIQUE combination of US Treasury and East European risk was on offer in the Euromarkets yesterday with a $250m floating rate note launched by Dean Witter Capital Markets. The proceeds are designed to finance Hungarian trade.

The issue, in the name of a specially created vehicle company, Continental (Bermuda), is guaranteed by the Hungarian Foreign Trade Bank.

It has an unusually long 20-year life, normally unavailable even to those few East European borrowers whose credit standing is sufficient to make them eligible to launch issues in the bond market.

Dean Witter said it had been able to arrange this by using what it called a "risk conversion" feature. Part of the proceeds will be set aside by Continental and used to buy zero-coupon US Treasury bonds with a face value of $250m.

These holdings will act as collateral for the issue. The backing will also be reinforced by the investment of a further 15 per cent of the proceeds in high-grade liquid short-term money market instruments in the US.

The idea is that as the value of the zero coupon securities increases over time the Hungarian element in the risk will diminish providing additional comfort to investors.

The issue bears interest at a margin over three-month London interbank offered rates of ⅛ per cent and an issue price of par, but the actual cost to Hungary depends heavily on the future level of interest rates.

This will determine both the cost at which the zero coupon bonds are bought and the ongoing cost of servicing that part of the proceeds which are locked away as collateral.

Gross fees on the bonds total 2½ per cent including a lead managers' premium of ⅛ per cent. The deal will be sold in registered form only in minimum denominations of $250,000.

Peter Montagnon looks at the prospects for new borrowing by a debt-laden country

Greece must turn on charm with lenders

GREECE IS gingerly preparing a return to the international capital markets after a six-month break in borrowing amid worries that its mounting foreign debts were getting out of hand.

Mr Spiros Papanicolaou, senior central bank official responsible for negotiating foreign borrowings, expects to launch a credit for the Bank of Greece around the end of the month or in early April. That could be followed later in the year by borrowings from state sector entities such as the telecommunications authority OTE and Public Power Corporation which would make up the rest of the country's financing needs for 1986.

Yet choosing the right moment is an exercise which still faces resistance among bank lenders. Bankers say it will not be easy to convince their credit committees to create space in their books for fresh Greek borrowings without clear evidence that the austerity measures announced last autumn are actually working.

That would imply a need to wait until the summer when figures for the first few months of 1986 become available. Mr Papanicolou would prefer, however, to get this year's borrowing programme under way sooner.

He believes that the sharp fall in interest rates and oil prices have already improved the current account balance of payments outlook for 1986. Last autumn, when the Government said its target deficit for this year was $1.7bn, the figure seemed ambitious, he said. Now in the light of these external factors, it should be met. At present oil prices Greece stands to save some $600m to $700m in import costs.

On current estimates Greece will have a total foreign borrowing requirement of some $1.7bn to $1.9bn in 1986. The range depends on the level of autonomous capital inflows arising out of direct foreign investment, repatriation of funds by Greek workers abroad and foreign investment in real estate.

Last year these inflows totalled some $800m. This year the hope is that they would rise modestly to cover debt repayments of some $950m. This depends, however, on the degree to which confidence is restored as a result of the Government's austerity programme.

Part of the gross borrowing requirement will be met by official borrowings including $800m from the European Economic Community as the first tranche of its Ecu 1.75bn loan agreed for Greece last year. The remainder is due to be released in 1987.

The European Investment Bank is also expected to lend Greece some $400m this year. This leaves between $500m and $700m to be raised on private capital markets, a level which bankers feel ought to be manageable, provided the country's return to the market is handled with care.

This excludes refinancing of the $200m or so in short-term debt raised by Greece around the turn of the year when it was unable to borrow in the medium-term market. Most of this falls due in the first six months. Should Greece decide to refinance it with medium-term borrowings its total requirement would be correspondingly higher.

There is a possibility that a better than expected trade account could allow the borrowings to be repaid. Also Greece is comfortable with a total short-term foreign debt of only $800m representing a small proportion of its overall indebtedness.

Already Greece has been dipping its toe in the water with some small privately arranged club deals. Earlier this month it raised C$25m through a group of banks led by Bank of Nova Scotia, though this was specifically tied to the finance of Canadian exports to Greece.

The Bank of Greece has also just arranged a $60m, five-year loan through a club deal led by Denmark's Privatbanken. The deal carries a margin of just ⅛ per cent over London interbank offered rates and involves an unusual currency option in that lenders can switch the borrowing from dollars into D-Marks at a present exchange rate.

That sort of twist would not be possible for a larger loan of the type the Bank of Greece is now planning. This will require careful nurturing of relationship with banks and a clear retreat from the dictatorial approach Greece has adopted to foreign lenders in the past. Of particular importance will be the attitude of Japanese lenders who say they face resistance in their Tokyo head offices to a country which many believe last year came to the brink of rescheduling.

In the event Greece was rescued by the EEC loan and by its own imposition of austerity measures. But it still has to contend with a high foreign debt unofficially estimated at around $15bn and with the need to meet steadily rising amortisation payments over the next few years. For these are put at around $1.4bn and they rise to a peak of $1.8bn in 1988.

Last year's austerity measures, which may lead to a small drop in real economic output this year, included devaluation of the drachma by 15 per cent, tough constraints on budgetary spending and domestic credit expansion—aimed at more than halving the balance of payments deficit from last year's $3.3bn and cutting inflation to 16 per cent in 1986 from 25 per cent last year.

None the less Greece's economic outlook is particularly hard to read and bankers say they would like the Bank of Greece to mount a full-scale roadshow in financial centres so that they can have a closer look at its figures. Failing that, their decision to support new financing requests could be more an act of faith than anything else. It is, however, an act of faith that has paid off in other cases.

Portugal, another new EEC member, came to the brink of rescheduling in 1983, but it too adopted stringent austerity measures and as a result of which its balance of payments improved and its credit rating soared to the point where it has been able to refinance much of its older debt at sharply lower costs.

GREECE'S VITAL STATISTICS

	1981	1982	1983	1984	1985
Current account payments					
Deficit ($bn)	2.4	1.9	1.9	2.1	3.3
Foreign debt ($bn)	7.9	9.5	10.6	12.3	15.0
Real growth (%)	−0.4	−0.7	−0.6	1.8	1.3
Inflation (%)	24.5	21.0	20.3	18.5	25

Source: OECD, Greek official figures and bankers estimates

Merrill incurs loss from alleged Japanese default

BY OUR FINANCIAL STAFF

MERRILL LYNCH of the US, which last month became the first foreign member firm on the Tokyo Stock Exchange, disclosed yesterday that it had suffered unspecified losses as a result of an alleged default by a Japanese client.

This follows a similar announcement on Tuesday by W. L. Carr (Overseas) (Wico), the Far East stockbroking arm of Exco International, the UK money broker. Exco has agreed to settle a £30m deal on which it faces potential losses of some £2.5m.

Mr Tom Debow, a Merrill vice-president, said a client "did not meet his obligations" in settling an account. If the client was unable to pay, Merrill would accept the losses, which, he said, would "not be substantial" for its Japanese subsidiary.

The default announced by Wico involved shares in Nankai Electric Railway, an Osaka commuter route operator. It is believed that the same stock was involved in the Merrill purchase, and the client in each case was Ryushou Tekko, small steel company which has a long-standing 1.1 per cent stake in Nankai.

Market trading in Nankai shares soared last week, reaching a peak on Thursday when 8.4 per cent of the company's equity changed hands.

Fiat increases stake in SNIA

BY ALAN FRIEDMAN IN MILAN

SNIA BPD, the Italian fibres, munitions and chemicals group which has Fiat as a major shareholder, is paying L376bn ($244m) in shares to buy Bioengineering, a Fiat subsidiary.

The result of the deal, to be effected by means of the issue of 87.4m new SNIA shares, priced at L4,300 each, will lift Fiat's stake in SNIA from around 24 per cent to 37 per cent.

Fiat is understood to have recently been buying additional Bioengineering shares and may well now hold effective control of SNIA.

Bioengineering had 1984 net profits of L10.5bn. Bioengineering owns 75 per cent of the publicly quoted Forin which has a current market capitalisation of L491bn.

SNIA yesterday said that its 1985 operating profits totalled L389bn essentially unchanged on 1984. SNIA turnover rose by 11.3 per cent to L2,328bn and is forecast to rise this year to L2,626bn.

SNIA did not yesterday disclose 1985 net profits.

● Necchi, which makes compressors and sewing machines, reports a net profit of L9.5bn for 1985, a 22 per cent rise. Sales rose 11 per cent to L348bn. The board voted a dividend of L210 for each saving share and L170 for the common shares.

Henkel expects to show sharp rise for 1985

By Our Financial Staff

HENKEL, the West German chemical group best known for its brands of washing powders, expects a big improvement in profits for 1985 despite weak sales.

Turnover for last year dipped by 1.3 per cent to DM 9.2bn ($4.1bn). But the company explains that the sales performance reflects restructuring and that earnings have moved ahead strongly.

For 1984 Henkel, which came to the German stock market last year via a DM 400m share flotation, increased profits by 25 per cent to DM 130m on a turnover of DM 9.3bn.

The recent restructuring of loss-making operations removed some DM 400m of turnover from the 1985 results. Foreign sales for last year rose by 68 per cent.

US QUARTERLIES

BERGEN BRUNSWIG

Drugs distributor	1985-86	1984-85
Second quarter	$	$
Revenue	751.8m	594.4m
Net profits	6.4m	5.9m
Net per share	0.48	0.44
Six months		
Revenue	1.51bn	1.09bn
Net profits	12.6m	11.3m
Net per share	0.94	0.85

CONAGRA

Food processing	1985-86	1984-85
Third quarter	$	$
Revenue	1.3bn	1.22bn
Net profits	20.79m	18.65m
Net per share	0.61	0.55
Nine months		
Revenue	4.32bn	4.11bn
Net profits	73.31m	64.37m
Net per share	2.16	1.90

GT. ATLANTIC & PACIFIC

Retailer	1985-86	1984-85
Fourth quarter	$	$
Revenue	1.58bn	1.42bn
Net profits	18.9m	18.3m
Net per share	0.50	0.49
Year		
Revenue	6.62bn	5.88bn
Net profits	88.3m	*215.8m
Net per share	2.33	5.74

* Includes $30m tax credit and $135m pension surplus.

HUMANA

Hospital operator	1985-86	1984-85
Second quarter	$	$
Revenue	858.8m	710.8m
Net profits	53.7m	51.3m
Net per share	0.54	0.52
Six months		
Revenue	1.66bn	1.37bn
Net profits	109.8m	105.8m
Net per share	1.11	1.07

SEA - CONTAINERS

Ferries, shipping	1985	1984
Fourth quarter	$	$
Revenue	135.6m	133m
Net profits	14.64m	13.1m
Net per share	†0.75	0.98
Year		
Revenue	573.2m	369.1m
Net profits	39.6m	70m
Net per share	2.48	5.67

† Loss reflects $10m write-off on lessees' defaults and expenses of unsuccessful bid to build Channel Expressway.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for w ich there is an adequate secondary market. Closing prices on March 19

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amev 10⅛ 92	100	106	106½	0	−0¼	9.05
Amex Credit 10⅞ 90	100	†108	108½	−0⅛	−0⅛	8.42
Atlan. Richfield 10⅛ 00	250	105⅛	105⅞	−0⅛	0	9.50
Australia Com. 11 95	200	115⅛	115⅝	−0⅛	−0⅛	8.49
Australia Com. 11⅝ 00	100	117½	118	+0⅛	−0⅜	8.99
BP Capital 11⅛ 92	150	109⅜	109⅞	0	−0⅜	8.98
Campbell Soup 10½ 95	100	111⅜	111⅞	0	−0½	8.63
Canada 9 96	1000	104⅜	105⅛	−0⅛	−0⅜	8.28
Canada 11½ 90	500	111⅝	112	−0⅛	−0⅜	7.96
Canadian Pac. 10⅜ 93	100	107⅜	107⅞	+0⅛	+0⅛	9.25
CEPME 10⅜ 91	100	107	107½	0	−0⅜	8.43
Citicorp 10 88	200	103½	104	−0⅛	+0⅜	8.22
Citicorp 10 96	200	†103	103½	+0⅛	+0⅜	9.47
Citicorp 10⅜ 95	200	104⅜	104⅞	−0⅛	−0⅜	9.64
Credit Lyonnais 9 91	200	103⅜	103⅞	+0⅛	−0⅜	8.15
Credit National 9⅜ 93	150	104⅜	104⅝	0	0	8.26
Denmark Kgdm. 11⅜ 89	100	108	108½	+0⅛	−0½	8.17
Denmark Kgdm. 11½ 90	100	110⅜	110⅞	0	−0⅜	8.35
Denmark Kgdm. 11½ 92	100	113⅜	113⅝	+0⅛	−0⅛	8.57
EDF 10 95	225	107	107½	−0⅛	−0⅜	8.81
EEC 8⅜ 91	150	102⅜	103⅛	+0⅛	−0⅛	7.87
EEC 9⅜ 90	350	104½	105	0	−0½	8.27
EIB 10⅜ 94	200	108⅜	108⅞	−0⅛	−0⅜	8.77
EIB 12 95	200	120½	120⅞	0	−1⅛	8.67
Eli Lilly 10⅜ 92	150	110⅜	111⅛	+0⅛	−1⅛	8.04
Equit. Lrd. Rlty. 10½ 97	100	108½	109	+0⅛	−0⅜	9.24
Export Dev. Cpn. 10 90	100	106⅞	107⅜	−0⅛	−0⅛	7.93
Fed. Dep. Strs. 10⅜ 95	100	109⅜	109⅞	−0⅛	+0⅛	8.60
Ford Motor Crd. 10½ 91	150	107	107½	+0⅛	−0⅜	8.80
Ford Motor Crd. 11⅜ 90	100	108⅜	109⅛	+0⅛	−0⅜	8.56
Ford Motor Crd. 12 95	100	114½	115	+0⅛	−0⅜	9.47
Gen. El. Cred. 10⅜ 00	200	105⅜	105⅞	−0⅛	−0⅛	9.50
GMAC 10⅜ 89	200	105½	106	+0⅛	0	8.13
GMAC 10⅜ 92	250	107½	108	0	+0⅛	8.85
IADB 9⅞ 95	200	108⅜	108⅞	0	−0⅞	8.53
IADB 10½ 95	150	112⅜	113⅛	+0⅛	−0⅛	8.46
Kellogg Co. 10⅞ 90	150	106⅞	107⅜	+0⅛	−0½	8.68
Kellogg Co. 11⅛ 92	100	109⅛	109⅝	−0⅛	−0⅛	9.05
Nippon Cr. Bk. 10⅜ 95	150	111⅜	112⅛	−0⅛	+0⅛	8.75
Pillsbury Co. 10⅜ 93	100	106⅜	106⅞	−0⅛	−0⅜	8.89
Proct. & G. 'A' 9⅞ 92	150	104⅜	105⅛	0	−0⅛	8.88
Pru Realty S. 12⅜ 95	546	114½	115	−0½	−0⅛	9.57
Qantas Airways 10⅜ 95	140	111⅛	111⅝	−0⅛	−0⅜	8.53
Quebec Hydro 11⅜ 92	100	†114⅛	114⅝	−0⅛	−1⅛	8.65
Queensld. Gvt. 10⅜ 95	100	110⅜	110⅝	−0⅛	+0⅛	8.55
Ralston Purina 11⅜ 95	150	117⅜	118⅛	0	−1⅜	8.79
Saab Scania 9½ 91	125	117⅜	118⅛	0	−1⅛	8.79
Saskatchewan 10⅜ 92	100	104⅛	104⅝	+0⅛	−0⅛	8.35
Scandinavia Air 10⅜ 95	150	108⅜	108⅞	−0⅛	−0⅜	8.77
State Bk. S. Au. 9⅜ 93	100	103	103½	−0⅛	+0⅜	8.61
Statoil 10 90	170	106⅜	107⅛	+0⅛	0	8.02
S. Wales Trsy. 11⅜ 90	150	110⅜	111⅛	0	−0⅜	8.51
Swed. Exp. Cred. 10 92	150	108½	109	−0⅛	−0⅛	8.14
Sweden 10⅜ 92	250	109⅜	109⅞	+0⅛	−0⅛	8.30
Sweden Kgdm. 10⅞ 90	200	109½	110	+0⅛	+0⅛	8.03
Sweden Kgdm. 11⅜ 90	100	113⅞	114⅜	−0⅛	−1	9.30
Tenneco Cpn. 10⅜ 95	150	107	107⅛	+1	+0⅛	9.54
Utd. Tech. Fin. 10⅜ 95	100	109⅜	110⅛	0	+0⅛	9.01
Victorian Rep. 11⅜ 92	150	113⅛	113⅝	−0⅛	−0⅛	8.69
World Bank 9⅜ 2016	300	109⅜	109⅝	+0⅛	−0⅞	8.85
World Bank 10⅜ 95	300	112⅜	113⅛	+0⅛	−0⅛	8.10

Average price changes... On day 0 on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	108	108½	0	−0⅛	6.67
Austrian Elec. 6⅞ 95	150	101½	102⅛	+0⅛	+0⅛	6.22
Copenhagen 7⅜ 95	150	102⅞	103⅜	0	−0⅛	6.87
Dow Chemical 6⅞ 95	300	103⅜	103⅞	+0⅛	+0⅛	6.25
EIB 6⅞ 95	300	105⅜	105⅞	+0⅛	+0⅛	6.10
EIB 7⅜ 94	300	105⅜	106⅛	+0⅛	0	6.31
Emhart Cpn. 6⅜ 95	175	101	101⅜	−0⅛	−0⅛	6.54
Ex. Im. Bk. Korea 7⅜ 90	100	101⅜	102⅛	+0⅛	−0⅛	7.05
Finland Republic 7 92	200	104⅜	104⅞	+0⅛	−0⅛	6.05
Gould Int. Fin. 7⅜ 91	100	104⅜	105⅛	+0⅛	+0⅛	6.50
Heron Intl. Fin. 7⅜ 95	100	98	98⅜	−0⅛	+0⅛	7.48
Hoesch Intl. Fin. 7 95	100	102⅞	103⅜	+0⅛	−0⅛	6.54
Ireland 8⅜ 92	150	107⅜	108⅛	+0⅛	+0⅛	6.52
I/S Elsam 6⅜ 93	125	†99⅜	100⅛	−0⅛	+0⅛	6.81
Japan Fin. Con. 7⅜ 91	100	105½	106⅛	+0⅛	+0⅛	6.28
Mtsbshi. M. 3⅜ 89 WW	100	108⅜	108⅞	−0⅛	−0⅛	1.47
Mtsbshi. M. 3⅜ 89 XW	100	91⅜	92⅛	+0⅛	+0⅛	5.90
Quebec Hydro 7⅜ 95	200	106⅜	107	0	+0⅛	6.16
Renfe 7⅜ 95	100	105⅜	106⅛	0	+0⅛	6.66
Soc. C. Nuclear 7⅜ 95	150	103⅜	104½	+0⅛	+0⅛	6.63
Soc. C. Nuclear 8 91	100	105⅜	106	+0⅛	+0⅛	6.70
S. African Tran. 7⅜ 92	100	96⅜	97⅛	−0⅛	−0⅛	8.26
World Bank 7 95	800	105⅜	105⅞	+0⅛	0	6.10

Average price changes... On day +0⅛ on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon. Cap. Cpn. 5⅜ 94	130	†101⅛	102	+0⅛	−0⅛	5.10
Br. Land. Comp. 6½ 99	75	†105	105⅜	+0½	−0½	5.64
Chrysler 5⅜ 96	160	*†103	103⅜	−0⅛	+0½	5.34
Council of Europe 6 92	120	†105	105⅜	+1⅛	0	5.07
Creditanstalt 5½ 94	120	†102	102⅛	0	+0⅛	5.19
Deutsche Bk. Fin. 5⅜ 95	100	†104⅛	105	0	+0⅛	4.88
EIB 5⅜ 94	120	†105	105⅛	+1	+0⅛	5.12
Gen. Occidentale 4½ 94	80	†111	111⅛	+0⅛	+0⅛	3.03
Glendale F. S&L 5½ 95	100	†99⅜	99⅜	0	0	5.55
Ind. F. Finland 5⅜ 94	40	†102	102⅛	0	0	5.43
Int. Am. Dv. Bk. 6⅜ 94	120	†103	103⅜	−0½	−0½	5.86
N. Zealand Steel 5⅜ 96	70	†101	101⅛	+0½	+0½	5.60
Oberos. Kftwk. 5⅜ 95	100	†101⅛	101⅜	−0½	−0⅜	5.14
Olivetti Intl. 5½ 95	100	*†103	103⅛	+0⅛	+1	5.07
Pepsico 5⅜ 95	130	*†104	104⅛	+1½	0	4.88
Phibro-Salomon 6⅜ 97	110	†100⅛	100⅜	0	0	6.05
Ralston Purina 5⅜ 94	125	†102⅛	102⅜	+0⅛	−0⅛	4.99
Tokyo Elec. Pr. 5⅜ 93	120	†103⅛	103⅜	0	0	4.90
Tokyo Metropolis 5⅜ 94	80	†101⅛	102	−0½	−0½	4.98
World Bank 5⅜ 94	150	*†103⅛	104	0	−0⅛	5.18

Average price changes... On day +0⅛ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅜ 91	80	101⅜	102⅛	0	−0⅛	5.61
Swed. Exp. Crd. 6⅜ 96	10	102⅜	103⅛	0	−0⅛	6.21
Syntex 6⅜ 93	20	99	99½	+0⅛	+0⅛	6.77
Walt Disney 6⅜ 96	10	103½	104	−0⅛	−0⅛	6.11
Westinghouse 6⅜ 96	15	99⅜	99⅜	−0⅛	0	6.81

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
A. & NZ Bk. 15⅜ 90 A$	50	104⅜	105⅛	+0⅛	+0⅛	13.51
BMW Finance 13 90 A$	50	100⅜	101½	+0⅛	+0½	12.65
Fiat Finance 14½ 89 A$	50	100⅜	101⅜	+0⅛	+0⅛	14.07
LB Schlswg. 14⅜ 91 A$	50	103⅜	104⅛	+0⅛	−0⅛	12.96
Amex 10⅜ 90 C$	50	†104	104½	0	+0⅛	9.47
Canad. Pac. 10⅜ 90 C$	75	†104	104½	0	+0⅛	9.16
CIBC 10⅜ 90 C$	75	*†100⅛	100⅜	−2⅞	−2⅞	10.60
Genstar Fin. 11⅜ 95 C$	75	*†103⅜	104⅛	+0⅛	+0⅛	11.02
Montreal 11½ 95 C$	75	†105⅜	105⅞	0	−0⅛	10.50
Ryl. Trustco 10⅜ 90 C$	75	†101	101½	0	−0½	10.00
Sears Acc. 10⅜ 92 C$	75	*†104	104½	+0⅛	+0⅛	9.69
Coca-Cola F. 17 90 N$	75	106½	107½	0	+0⅛	14.65
Denmark 17½ 89 N$	50	*†97⅜	98⅛	+0⅛	+4⅛	18.58
Unilever Cp. 17½ 89 N$	50	†98	99	0	−0⅛	17.97
Copnhagn. C. 9 95 Ecu	40	106	105½	−0⅞	+0⅛	8.20
Eutelsat 9 93 Ecu	50	102	102½	−1	−1	8.54
Walt Disney 8⅜ 94 Ecu	63	104⅜	105⅛	−0⅛	+1⅞	7.86
Honda WW 3⅜ 90 Fl	100	105⅜	105⅞	+0⅛	−0⅛	2.38
Honda XW 3⅜ 90 Fl	100	91⅜	91⅞	+0⅛	+0⅛	8.39
Thyssen 7⅜ 90 Fl	50	103	103½	0	−0⅛	6.37
Wereldhave 7½ 90 Fl	75	103	103½	0	+0⅛	6.60
Wessanen 6⅜ 90 Fl	50	101⅛	101⅝	0	+0⅛	6.28
Eurofima 11⅜ 92 FFr	300	108⅜	108⅞	0	−0⅛	9.33
Amev 11 93 £	50	103⅜	104⅛	+1	+1⅛	10.15
Australia Com. 11 92 £	40	105⅜	105⅞	+0⅛	+1⅛	9.78
EIB 11⅜ 93 £	50	106½	107	+0⅛	+0⅛	9.75
GMAC UK F. 10⅜ 90 £	30	103⅜	103⅞	+0⅞	+0⅛	9.46
Imp. Ch. Ind. 11⅜ 95 £	100	108	108⅜	+0⅛	+1	9.84
Imp. Ch. Ind. 10⅜ 92 £	75	103⅜	104⅛	+1⅛	+1½	9.87
McDonalds 10⅞ 90 £	40	103⅛	103⅝	+1	+0⅛	9.78
Mtsbshi. F. HK 11 90 £	50	103⅛	103⅞	+1½	+1⅛	9.88
NSW Treasy. 10⅜ 92 £	50	102⅜	103⅛	+1⅛	+1⅛	9.99
Rank Xerox 11 92 £	40	104⅛	104⅝	+0⅛	+0⅞	9.97
Royal Ins. 10⅜ 92 £	60	102⅞	103⅜	+1⅛	+1⅛	10.04
J. Sainsbury 10⅞ 93 £	60	103½	104⅛	+0⅛	+1⅛	10.05
Tricentrol XW 11 92 £	35	†86	86½	+1	+1⅛	14.44
Tathse. Forte 11⅜ 90 £	50	103	103½	+1⅛	+0⅞	10.10
World Bank 11⅜ 95 £	100	110	110½	+1½	+1⅞	9.51
COE 8⅞ 95 LFr	600	100	100½	0	0	8.82
N. Lux. Al. 10½ 92 LFr	600	103⅜	103⅞	0	−0⅛	9.72

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Anglia Bldg. S. 5 98 £	0⅛	99.90	100.00	14/4	11⅜
Belgium, Kngdm. of 91	0	100.14	100.24	19/8	8.06
BNP 5⅜ 95	0.05	101.18	101.28	10/7	8.05
Britannia 5 93 £	0⅛	99.91	100.01	8/4	11½
CCF 5⅜ 97	0	99.38	99.48	5/4	8.06
Citicorp 5 2005	0⅛	99.19	99.29	27/3	8.04
Citicorp 5 2035	0.225	98.10	98.20	27/3	8.04
Credit Lyonnais 5 2000	0⅛	100.19	100.29	10/7	8.06
EEC 3 92 DM	0	99.99	100.09	20/8	4.44
EEC 5 90	0⅛	99.99	100.09	8/7	8.06
EEC 5⅜ 93 Ecu	0.0312	99.88	99.98	30/4	9.91
ENEL 5 2000	0⅛	100.17	100.27	1/3	8⅜
Ireland 5⅜ 97	0⅛	100.19	100.29	28/2	8.44
Lloyds Bank Perp.	0⅛	100.17	100.27	9/6	8⅞
Midland Bk. Perp. 5	0⅛	100.02	100.12	19/6	8⅜
NatWest Perp. A	§0⅛	100.16	100.26	9/7	8.31
NatWest Perp. B	§0⅛	100.15	100.25	9/8	8⅜
New Zealand 5 97 £	0.07	99.88	99.98	16/3	11.57
New Zealand 5 2001	0	100.00	100.10	4/8	8⅜
Prudential Cpn. 4 95 £	0.1	99.68	99.78	5/3	11.78
R. Bk. Scotland 5 Perp.	0⅛	100.09	100.19	11/6	8.44
Societe Generale 5⅜ 97	0⅛	100.06	100.16	18/3	8⅜
United Kingdom 5 92	0	100.03	100.13	7/7	8.06
Woodside Fin. 5⅜ 97	0	99.46	99.56	28/7	8.19
Woolwich 5 95 £	0⅛	99.85	99.95	19/5	11.69

Average price changes... On day +0.02 on wk. +0.07

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053	176	176⅞	−4⅜	4.33
Comcast 7 2000	12/85	23.87	†120⅜	121⅜	+0⅛	11.96
Fanuc 3⅜ 98	1/84	7032	202⅜	203⅜	+0⅛	58.94
Fuji Hvy. Inds. 3 2000	8/85	676	102⅛	102⅞	−2⅛	−0.29
Fujitsu 3 99	5/84	1320	103⅛	104	−1⅛	7.39
Kumagai Gumi 3⅜ 2000	3/85	800	236	238½	−13⅛	6.98
Marui 3½ 99	7/84	1182	215⅜	216⅜	+0⅛	−1.27
Minolta Camera 2⅜ 94	2/86	1105	99	100	+0⅛	24.27
Mitsubishi Bank 2⅞ 00	8/85	1768	118⅛	119⅛	−2	−4.85
Mitsubishi Elec. 2⅞ 00	3/85	422	109⅜	110	−1⅛	−5.84
Mitsui Bank 2⅞ 01	4/86	101.9	105⅜	105⅞	−0⅛	−80.41
Murata 3⅜ 2000	7/84	2398	126⅛	127⅜	−0⅞	13.21
Nippon Elec. 2⅞ 2000	1/85	1285	127⅛	128⅛	+0⅛	39.50
Nippon Oil Co. 3 2000	5/85	923	145⅜	146⅜	−3⅛	−2.46
OKI Elec. Ind. 3⅜ 99	10/84	805	105⅜	106⅜	0	1.73
Sanwa Bank 2⅜ 2000	10/85	1486	123⅛	124	−2	−5.49
Sekisui House 3 99	8/84	612	216⅜	217⅜	−4⅛	2.29
Sumitomo Bk. 2⅞ 2000	8/85	2142	117⅜	118⅜	−2⅛	−4.00
Sumitomo Cpn. 2⅞ 99	5/84	593	182⅛	183⅛	−3⅛	−4.09
Taiyo Yuden 3⅜ 2000	3/86	1078	†123	124	0	−4.28
Tokyo S'yo El. 3⅜ 99	12/84	772	102⅛	103⅛	+0⅞	3.44
Toshiba Cmmcs. 3 2000	4/85	1734	102⅛	103⅛	−0⅞	1.58
Nippon Oil 2⅜ 92 SFr	3/84	1052	†107⅛	108⅛	0	3.90
Nip. Shinpan 2 92 SFr	3/84	801	†182⅛	183⅛	+10⅛	18.14
Asics 5 92 DM	12/83	520	110⅜	111⅛	+0⅛	14.57
Renown 3⅜ 90 DM	3/85	675	115⅜	116⅛	−0⅞	−4.48

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Accountancy Appointments

FINANCIAL CONTROLLER

With the backing of a substantial worldwide group this international trading company continues to experience exceptional growth. This highly commercial role carries responsibility for bank negotiations relating to new projects, currency dealings, monitoring and controlling overseas operations and contract evaluations. Applicants should be qualified ACA's, ideally possessing international trading experience, with the ability both to take on the unexpected and to operate in a progressive commercial environment. Ref: CW.

W. LONDON **To £25,000+Car**

BUSINESS ANALYSIS

This diverse UK group continues to expand both organically and through acquisition. Providing an independent assessment of the performance of UK operating companies, the Group Management Accountant is responsible for the review and interpretation of monthly management information, business analysis, investigations etc. Suitable candidates, aged 28-32, will be qualified accountants possessing commercial awareness, an analytical approach and excellent inter-personal skills. Ref: JG.

C. LONDON **To £26,000+Car**

LLOYDS CONTROLLER

A recently formed City based brokerage seeks an ambitious qualified accountant for a development role. Responsible for all aspects of finance, the position calls for knowledge of Lloyds procedures and the ability to respond quickly and positively to the demands of high growth. The successful candidate will possess ambition and drive and display the necessary commitment to function effectively at the most senior levels. Ref: PAB.

C. LONDON **£20,000+Car**

ROMAN HOUSE, WOOD STREET, LONDON EC2Y 5BA. 01-638 5191

ROBERT HALF

FINANCIAL RECRUITMENT SPECIALISTS

LONDON · BIRMINGHAM · WINDSOR · NEW YORK & 82 OTHER CITIES WORLDWIDE

SOUTHEND TRANSPORT LIMITED

Financial director/ company secretary

c £19,000 + car

C&L

For a new public transport company shortly to take over operation of the existing bus undertaking from the Borough Council. The company is expected to have a turnover of around £5m in its first full financial year. A particular feature of the business is the innovative express service to London and Heathrow Airport, started some years ago and which now represents a substantial element of the business. The company will initially provide engineering services for the Council's general vehicle fleet.

Reporting to the Managing Director you will have total responsibility for the financial function and for company secretarial matters. Your first task will be to review existing financial and management accounting systems for the control and monitoring of the company's operations and, if necessary, design and implement improvements. Thereafter you will play a key role in the planning, budgeting, control and monitoring of the company's finances while also acting as Company Secretary.

As a qualified accountant you must have proven experience ideally in a controller role, preferably gained in a commercial or industrial environment and should be familiar with computerised accounting systems. You should have a consultative management style and first class interpersonal skills.

Applications are also being invited for the post of Managing Director.

Résumés including a daytime telephone number to Torrance Smith, Executive Selection Division, Ref. SF467.

Coopers &Lybrand associates

Coopers & Lybrand Associates Ltd
management consultants

10 Bouverie Street
London EC4Y 8AX

Partner Potential

Financial Consultancy Manchester

As one of the leading international firms of chartered accountants and business advisers, we provide high quality and wide ranging services to clients of all sizes. Within our services, management consultancy plays an important part and is enjoying rapid growth; as part of our planned future growth, we are seeking a further first class experienced professional, with short term *partnership potential* to manage our financial consulting team based in Manchester.

As part of a high calibre team there is the opportunity to work with staff from all disciplines, identifying market needs, further developing our client services and making a substantial contribution in a highly varied environment. The position offers a stimulating, challenging and rewarding career opportunity for an accountant who enjoys a fast pace, and has the potential to become a partner sooner rather than later.

The successful candidate will probably have a degree, be in their mid 30's and will have the significant experience of management in industry, commerce or the public sector. This should also include proven achievements in one or more of the following:

— planning and forecasting
— development and implementation of management accounting systems
— implementing computer based management information systems

Experience as a consultant with a substantial firm is also highly desirable.

Remuneration will reflect the quality of the person sought and the short term partnership prospects.

Please write in confidence detailing your experience and present salary to John Calvert, Peat, Marwick, Mitchell & Co., Management Consultants, Century House, 7 Tib Lane, Manchester M2 6DS.

PEAT MARWICK

FINANCIAL CONTROLLER

FOR WEST LONDON INSURANCE GROUP

Medium sized (T/O £3m) specialist company with large client list seeks a financial controller capable of working on their own initiative with a small management team where they will have an opportunity to contribute to the overall direction and growth of the company.

The successful applicant should be between 28-45 years of age with several years post qualifying experience in a service industry, preferably insurance based but not essential.

The responsibilities of the post will be for the full accounting and financial control of the group, including the management of the existing accounts department, all statutory accounting functions, budgetary control, financial appraisals, monthly management reporting and statistical analysis. General computer and computerised accounting experience is essential.

The Financial Controller will report to the Chairman and Board of Directors.

Salary negotiable but to include company car, private medical insurance and pension.

Please send full C.V. to D.J. Simpson, Chairman, or telephone Marie Lebentz for an application form on 01-995 1414.

PETPLAN

319-327 CHISWICK HIGH ROAD, LONDON W4 4HH

General Manager

Finance

Our client is a British group specialising in the distribution and retailing of fuels and lubricants. They are seeking a general manager to lead their accounting function.

Reporting to the Chief Executive, and responsible for a small department, the manager will provide a financial service to two major operating divisions. In particular they will prepare monthly accounts, control the group computing facility and manage the preparation of statutory returns.

Ideal candidates will be qualified accountants, aged around 30, with at least 3 years' commercial experience. Apart from technical competence as an accountant, the candidate must be able to ensure tight control over widespread operating units. As a key member of the management team they will have the personality to represent the financial point of view. Experience of computerised systems is essential, knowledge of a Data General MV4000 would be beneficial. A willingness to travel within the UK is required.

The salary will be c£22,000, a company car is provided along with free medical insurance and other benefits.

Location: Watford.

Please write in confidence to: Joanna Corr (ref 4551).

KMG Thomson McLintock
Management Consultants
70 Finsbury Pavement London EC2A 1SX

Chief Accountant

£attractive + car

Spillers Foods an established UK leader in the pet food and human food markets now seeks a mature, well qualified accountant to help strengthen its already successful position.

Reporting to the Divisional Financial Controller, you will be directly responsible for the fulfilment of all statutory and company accounting requirements. The management of all aspects of internal audit and financial reporting, including weekly, monthly and annual management and statutory accounts and reports will also be part of your brief. An important function of this role will be the organisation and monitoring of forecasting, planning and budgetting procedures to meet company and Group financial objectives.

Firm and effective policies for financial control are required, and the Chief Accountant must implement and maintain the procedures and systems needed to assist accurate and profitable financial decision making.

This is a key appointment calling for a fully qualified ACA, ACCA or ACMA with a minimum of four years' post qualification experience, gained in both financial and management accounting. A good communicator, you must be highly motivated, with the drive and enthusiasm needed to organise and lead others. Previous exposure to sophisticated computer-based systems is essential.

We offer a competitive salary, and a company car, plus the attractive range of benefits you would expect from a member of a major, multi-national group. Assistance with relocation expenses will be given, where appropriate.

Please telephone Mike Langley, Personnel Controller on 01-949 6100 ext. 436 for an application form. Spillers Foods Limited, New Malden, Surrey.

Spillers Foods

FINANCE DIRECTOR

WESTBURY, WILTSHIRE Circa £20,000 plus Car

Tann Synchronome Ltd, part of Walter Runciman Plc is an established UK manufacturer of clock, fire alarm & access control systems. In addition to the Westbury factory the company has 5 regional sales, engineering and service centres in the UK and a small subsidiary in Belgium.

We are seeking an energetic, qualified accountant, probably between 30 and 40 years old, with a solid commercial and manufacturing background to join our newly restructured management team.

You will need to demonstrate an ability to introduce and maintain effective financial controls and disciplines into a multi-facet company and to contribute generally to the development of a business.

The salary will be around £20,000 p.a. with a quality car and usual benefits.

Please write, with full details to me,
Alex Collister, Managing Director, Tann Synchronome Limited, Station Road, Westbury, Wiltshire BA13 3JT

TANN SYNCHRONOME

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

First Move To Industry

Within the Central Finance Function of a leading British Public Group
London, £16,000, excellent benefits

To work within the Central Finance Function of one of Britain's largest corporations, engaged in a wide variety of industrial and consumer activities. This function provides the Board of Directors with regular information and advice on corporate strategy and also gives a consultancy service to subsidiaries.

The person appointed will report to the Financial Accountant and play a major role in the continuous enhancement of financial control and management information systems, working closely with the finance management of the Group and the subsidiary companies.

The position will ideally suit a recently qualified accountant (ACA/ACCA) who has had exposure to large company consolidations using micro-computers.

The position will provide ideal experience and enable the job holder to exploit the outstanding prospects of advancement.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a personal history form to A. Coxen, **Hoggett Bowers plc**, 1/2 Hanover Street, LONDON, W1R 9WB, 01-409 2766, quoting *Ref: 134/FT*.

FINANCIAL ACCOUNTING MANAGER

City ***Excellent salary + package negotiable***

THE BANK OF ENGLAND wishes to appoint a Chartered Accountant to manage its financial accounting function.

Primary responsibilities will be the preparation of published and internal accounts and statements, all tax matters and the provision of ad hoc financial accounting advice throughout the organisation.

Candidates should have a minimum of three years' post-qualification experience and be able to demonstrate a comprehensive knowledge of financial accounting, computerised accounting systems and corporate tax, with the ability to apply this acquired knowledge and experience in problem solving.

Candidates, aged 28-35, should have proven abilities in the leadership of a professional team, possessing communication skills for liaison with senior staff. As well as being of interest to candidates with commercial and industrial experience, the post could offer an excellent opening for well-qualified candidates wishing to make a first move away from a professional office.

This opportunity represents a challenging appointment in a stimulating environment for the exceptional candidate who meets the required personal and technical attributes.

Application forms may be obtained by writing to the address below, or by telephoning on **01 601 4518/4618.** *Application forms should be returned to the address shown by* Thursday, 3rd April.

Applications to: **Mr. D. A. Sharp, Personnel Division (HO5), Bank of England, Threadneedle Street, LONDON. EC2R 8AH.**

BANK OF ENGLAND

CHARTERED ACCOUNTANT

Saudi Arabia

Our client, Petromin-Mobil Yanbu Refinery Co. Ltd., is a Saudi Arabian Limited liability company jointly owned by the General Petroleum and Minerals Organisation and Mobil Oil Corporation. The Company is based in Yanbu, on the Red Sea, and its 250,000 barrels per day export fuels refinery is one of the most modern in the world in Technology, equipment and business systems.

The Company is offering an opportunity for a Chartered Accountant (or equivalent) who is fluent in spoken and written Arabic and English. Previous experience in commerce or industry is desirable but not essential.

The successful applicant will be assigned to suitable middle management or supervisory positions in the audit, finance or accounting functions in the company.

Salary and benefits for the appointment are negotiable, commensurate with the successful applicant's qualifications and experience.

This vacancy is open to accounting professionals of all nationalities. Nationals of the Kingdom of Saudi Arabia are encouraged to apply.

Please write in strictest confidence, quoting ref: 13Q/CA, and enclose all educational and career history to: **Webb Whitley Associates Ltd., Castle Gate House, 8 Quarry Street, Guildford, Surrey. Telex: 859927. Facsimile: Guildford (0483) 504955.**

Petromin

FINANCIAL CONTROLLER

DYNAMIC INTERNATIONAL CONSTRUCTION CONSULTANTS

BIRMINGHAM **£20,000 PACKAGE + CAR**

Our client is one of the most successful specialist £ multi-million service groups, providing professional Quantity Surveying, Cost Management and Project Management Services of the highest standards to the construction industry.

With an expanding and impressive client portfolio, it is now necessary to appoint an experienced and self-motivated accountant as Financial Controller to control the daily accounting activities of the Group. Reporting to the Finance Director the ideal candidate will be a qualified ACA or ACCA, experienced in commerce, aged 28-40 years, and used to preparing financial and management accounts to strict deadlines. The ability to control a computerised accounting system is essential.

This key position offers first-class career prospects and excellent benefits.

Please apply in writing with full c.v. to:
P.E.G. MANAGEMENT SERVICES LIMITED
54 Welbeck Street, London W1M 7HE

Ref: 147

EXCEPTIONAL FINALISTS

LONDON **to £18,500 plus car**

Our client is a fast growing subsidiary of a MAJOR INTERNATIONAL GROUP involved in diverse aspects of the leisure industry with group annual turnover running in excess on £1,000m.

Consistent growth has created a number of openings for good all-rounders with strong personal attributes and a track record of PERSONAL EXCELLENCE.

If aged 22-27, please telephone and send your c.v. to:

LYNNE ATTWOOD
ACCOUNTANCY APPOINTMENTS EUROPE
1-3 Mortimer St., London W1.
Tel: 01-580 7695/7729 (direct)
01-637 5277 ext. 281/282

Accountancy Appointments Europe

UK stationery boosts DRG to £31m

BACKED by an outstanding performance in the UK stationery business, the DRG group has lifted its pre-tax profit by 20 per cent, from £26m to £31.2m, in 1985.

Chief executive Mr Roger Woolley says that side of the business expanded its profits by 70 per cent. Real growth was achieved in a number of areas with the Transcript carbonless copy paper business having a fine year. For 1986 a major range of major capital expenditure projects are planned, he says.

The group's return on average capital employed progressed to 23.6 per cent and, with the benefit of last September's £33m rights issue, balance sheet gearing was virtually eliminated. There was a £37.6m reduction in net borrowings.

On capital increased by the 1-for-4 rights, the final dividend is 4.95p for a net total of 8.25p, compared with 7.5p. Arrangements are being made for shareholders to elect to take shares in lieu of cash.

From turnover of £261.3m (£232.9m) the stationery business provided operating profit of £21.4m (£15m) of which £13.9m (£8.2m) came from the UK.

Mr Woolley states that profits from the paper and board based packaging interests were affected by problems in some traditional markets, but the rigid plastics and plastic film operations continued to show powerful growth in sales and profits. Overall, the division produced turnover of £218.3m (£213.3m) and profits of £8.7m (£10.5m), with the UK falling from £7.2m to £5m.

Office and printing supplies went from strength to strength with a large per cent increase in profits and good prospects for 1986.

The specialist engineering activities increased profits by 26 per cent, and design offices and workshops were well-loaded at the start of this year.

Overseas business accounted for £11.6m (£10m) of the profit. Medical packaging in the US lifted its profit by 29 per cent.

As part of its growth acquisition programme, DRG has agreed, subject to Government consents, to acquire control of Laboratoires Steril System, which is based east of Paris. It manufactures and sells throughout Europe and elsewhere sterilisable flexible pouches for the packaging of medical products.

● comment

DRG, a household name of the sixties, which lost its way in the seventies, has now come through the painful process of the recession in good shape. Last year's £33.5m rights issue has done for the balance sheet what redundancies, rationalisation and disposals have done for the p & l account. Despite its still fair-sized involvement in the low margin, mature parts of the paper and packaging industry, return on capital is now at a high level. New management has led the expansion into growth areas such as carbonless copypaper, medical packaging and hi-tech plastics in the UK and overseas. Even older products like writing paper have been jazzed up. With finances strong there is room for more acquisitions and a high level of capital expenditure, £35m in 1986, to keep the momentum going for a while. The company expects earnings per share to rise this year despite the rights issue, suggesting pretax profits of £36½m plus and a p/e ratio of 11.4 at worst with the shares at 286p, up 23p yesterday.

Willis Faber climbs 29% to over £60m

Willis Faber, insurance broker, has increased pre-tax profits for 1985 by 29 per cent *from £47.02m to £60.71m*, with £28.11m coming in the second half compared with £21.51m.

As a result of the change of year-end of Carter Wilkes and Fane (Holdings) from end-September to end-December, 15 months' results of this subsidiary have been included.

A final dividend of 6.25p is being paid, *against 4.75p*, adjusted for the one-for-one share subdivision which took place on January 13, 1986. The total is up from 6.5p (restated) to 8.75p. Net earnings are shown as 40.1p (29.21p) before the subdivision, and up from 14.61p to 20.05p after.

Net retained brokerage and fee income advanced from £85.37m to £107.49m, while underwriting agencies' fees and commission rose by just £806,000 to £13.35m. Interest and dividends added £19.46m (£15.73m). Retained premium income, interest and dividends of insurance companies fell from £21.21m to £20.67m, and these companies incurred a higher loss of £3.64m against £963,000.

The share of income of associated companies, excluding Morgan Grenfell the merchant banking associate, which had a record year, fell by £3.07m to £15.38. Including the merchant bank associates contributed an increased £17.01m (£12.89m) to profits.

Mr David Palmer, who is continuing as chairman beyond his normal retirement date, says the results reflect a satisfactory growth in the principal activities of insurance and reinsurance broking in the UK and around the world, and efforts are being concentrated on the profitable development of this core broking business.

At the year-end the company completed the divestment of its Lloyd's managing agency interests and the proceeds, of £4.6m, are included in the £4.14m extraordinary credit *this time (£1.53m debit).*

Exchange rates prevailing during the year have benefited the results by an estimated £4.5m compared with 1984, the directors say.

From group income of *£140.3m (£113.64m)* expenses took an increased £92.97m (£78.55m). Tax was £25.42m *(£21.82m), and minorities took* £1.39m (£788,000).

● comment

This is yet another in a sequence of results from Willis Faber, in which high market expectations are fulfilled, thereby underpinning its premium rating to the sector. During 1985 the company got a strong boost from Morgan Grenfell, and in contrast to some of its competitors did well out of currency movements, and by dint of skilful currency hedging overturned the adverse effects *of the dollar's decline.* The slower growth in expenses during the second half was also encouraging, although the increase in revenues, while perfectly respectable at 16 per cent was no more than in 1984 when rates were much lower. The reason, as the company explains, is shortage of capacity, which will continue to dominate the current year, in which profits may rise to £71m. At 445p, the prospective p/e is nearly 18, and the yield, after yesterday's generous increase in the dividend, is 2.8 per cent.

Alida couples rights and scrip with record

IN ANNOUNCING *record* results for 1985, Alida Holdings, polythene packaging manufacturer, says it is to raise about £1.69m after expenses, by way of a rights issue, and it also proposes a one-for-two scrip.

Pre-tax profits climbed by 77.3 per cent from £1.25m to £2.22m on turnover up from £25.45m to £28.8m, an increase of just over 13 per cent.

The rights issue will be one *new ordinary 25p share for* every four existing ordinary shares at a price of 140p each.

In the two years 1984 and 1985, some £4m has been invested in plant, providing the latest polythene extrusion, printing and converting technology. The rights issue, say the directors, will preserve a con*servative* balance between shareholders' funds and bank borrowing.

Total dividends for the year will be 9.75p net. This represents a 50 per cent increase over the notional dividend of 6.5p indicated in the prospectus of October 1984. In the absence of unforeseen circumstances, the board intends to recommend payments of dividends for 1986 which will at least maintain the current level, and after the proposed scrip, dividends for 1986 will be at least 6.5p net.

● comment

Alida has had an exciting past. Singer and Friedlander brought it to the market in 1971; Rockware paid £4.6m for it in 1978; there was a £2.9m *management buyout in 1983* and in October 1984 it was floated again, on the USM, via a 140p a share placement which valued the company at £7m. Singer and the four executive directors hold almost 60 per cent of the existing shares; after the sale of their rights under the proposed issue for some £1.2m, these directors will hold 52 per cent. The money raised by the issue, some £1.7m net, will be used *to smooth out the cash* flow requirements of the plastic bag company's capital spending over the next year. However, retained profits could, at least partially, have been an alternative source of funds—given 1985's £488,000 dividend payout and this year's promised £609,000. No doubt the com*pany has moved up towards the* higher valued added end of its market and has impressive quality printing on its bags but this rights issue looks more like stage two of a USM flotation than anything else with 40 per cent or so of the cash generated passing out of the business. The scrip issue, or a steeper one, would have been enough to improve marketability. *Nevertheless the shares* have enjoyed a good run from 1984's placement price up to Tuesday's closing 420p. On forecasts of £2.75m, the prospective p/e on a weighted capital base is 12 (35 per cent tax), ex-scrip price. Which surely still leaves room for upward movement.

Rank calls temporary halt to Granada bid

By Raymond Snoddy

The Rank Organisation has, for the time being, withdrawn its £753m offer for the Granada Group.

The decision has been taken because Rank was facing underwriting costs of just under £900,000 a week at a time when it was not clear how long litigation with the Independent Broadcasting Authority over the offer would last.

Rank, however, yesterday agreed with the Take-Over Panel that it would be able to launch a new bid for Granada "within 21 days of the impediments arising from the IBA's decision being overcome."

Last month, the IBA ruled that such a takeover would be "unacceptable" because it would lead to a major change of ownership of a viable ITV franchise holder, Granada Television. The IBA verdict was upheld in the High Court and the appeal case is now being heard.

The Rank agreement with the Panel means that the group will not face the normal 12-month disqualification from launching another bid. The situation is being treated in the same way as a reference of a proposed acquisition to the Monopolies Commission.

Mr Michael Gifford, chief executive of Rank, said yesterday that Rank's view had always been that there was substantial merit in putting the two businesses together "and this is still our view."

Mr Alex Bernstein, chairman of Granada, said last night: "I cannot see where Rank can go from here. It is clear to me now that they do not even have the ability to manage their offer, never mind Granada itself."

Rank was concerned that even if it was successful in the Appeals Court, the case would then go to the House of Lords for a final verdict. The process of becoming an "approved person" to own an ITV company in the eyes of the IBA could take even longer.

"As and when we can get matters sorted out, we can make another bid," Mr Gifford said.

Union Discount makes good start

First quarter results of the Union Discount Company of London, had been "quite outstanding," Mr Ritchie, the chairman, told members at the annual meeting.

Beecham starts strategic review with £21m sales

BY MARTIN DICKSON

Beecham, the pharmaceuticals and consumer products group, yesterday announced the sale of two subsidiaries for about £21m, and a review of overall strategy following last November's ousting of Sir Ronald Halstead, its chairman.

It is selling Reheis Chemical, an American company, to its management in a $23.5m buy-out, and the retail milk business of Horlicks Farms and Dairies to Unigate for £5.8m.

The sale of the milk business could mark the start of a larger disposal programme as the group takes a fresh look at its peripheral and less profitable activities.

Mr John Robb, who took over as chief executive from Sir Ronald, said yesterday that during the past three months a number of *strategic reviews* had been initiated to improve efficiency, profitability and the utilisation of manufacturing resources.

"We have also commenced a review of the future prospects for all of our businesses, paying particular attention to the further development of our pharmaceutical and over-the-counter medicine interests."

He added: "The emphasis in the short term will be on disposals rather than acquisitions."

Reheis was acquired last November as part of the $395m purchase of the American Northcliff Thayer group. However, Beecham made clear at the time that it did not intend to hold on to Reheis, which has net tangible assets of about $19m and is being sold for about 15 times historic earnings.

The milk business, based in Somerset and Avon, was acquired in 1969 as part of Horlicks. *The sale does not* affect Horlicks' range of drinks or other parts of the Horlicks Farm business.

Mr Robb said the milk disposal emphasised the intention *to concentrate further on* mainstream activities.

He said the review, which was likely to be completed in about two months, was examining whether businesses were giving satisfactory returns and whether they met the group's long-term strategic profile as a pharmaceutical and healthcare business.

Beecham, which split the functions of chairman and chief executive on Sir Ronald's departure, has yet to appoint a replacement chairman.

The role is being filled at present by Lord Keith, who as senior non-executive director, played a crucial role in the coup that led to Sir Ronald's resignation.

Rentokil faces OFT referral

Rentokil announced yesterday that it has been notified that the Director General of Fair Trading will make a reference to the Monopolies Commission relating to the pest control service industry.

The news came at the same time as Rentokil announced a lower-than expected increase in pre-tax profits for 1985 of £28.04m (£24.75m), achieved on turnover down by £3.12m to £148.25m.

The company has also provided £4.5m as an extraordinary item for possible costs connected with contamination from its US plant in Virginia.

Rentokil's shareholders can expect an increased final dividend of 1.55p (1.35p), bringing the total up from 2.125p to ?.44p. Stated earnings per 10p share improved from 7.35p to 7.83p.

The directors view the future with confirence and expect better profits growth in 1986.

The extraordinary debit covers estimated costs over the next *few* years of the removal and treatment of contaminated soil and water at the group's timber treatment site at Richmond Virginia.

Mr Bill Oakley, Rento kil's finance director, said that legislation in the US had been tightened in recent year. He added that no-one had been harmed by the seepage of chemicals and n olitigation had been started against the company.

● comment

Levels of profitability in the pest control business have raised more than the odd squeak of protest in thepast, so news of the pending monopolies probe was not altogether surprising. Its timing, however, could hardly have been more unfortunate, and the combination of that announcement with the bad news from Virginia and the worse-than-expected profits took the shares down 18p to 155p. On the trading front the group *suffered poor performances* from its property care division, where a shortage of orders coincided with severe competition, and from its timber treatment division, which experienced poor demand from the construction industry. The negative effects of currency translation took another £1.7m. However, the rest of the group activities performed well, and with the expectation of a better performance this year from the laggards, a resumption of the group's *steady* growth to at least £30m looks likely. With a tax charge of 38 per cent the shares do not look fundamentally overrated on a prospective p/e of 16, but the monopolies probe is likely to cast a pall over them in the short term.

Tonks expects 25% profit rise

Newman Tonks, the Midlands based hardware branded pro*ducts group, yesterday* released another circular urging shareholders to reject McKechnie Brothers £67m offer and announced a pre-tax profit forecast for the year ended October 31 of at least £8.15m—a 25 per cent increase on last year.

The company repeated its claim that there was no industrial logic in the *bid* as 80 per cent of its own turnover is in strongly branded products while only 20 per cent of McKechnie's turnover is in finished products.

"*We are a niche, end-product,* business whereas McKechnie is predominantly in semi-manufactured products," said Mr Doug Rogers the group managing director. He also stressed again that many of Newman Tonks' products were sold through personal contact with architects rather than retail outlets.

Dr Jim Butler, chairman of McKechnie, replied that the profit forecast confirmed his own *estimates.* "*Much of the increase* will be due to loss elimination and the one-off synergy resulting from the Cartwright acquisition."

Newman Tonks also said yesterday that on the basis of its profits forecast earnings per share will be about 12p, compared with 10.65p, and intends to recommend dividends for the current year of 7.2p per share.

Armstrong profit surges to £3.3m

THE RAPID rate of acceleration in growth expected by Armstrong Equipment has materialised in the half year ended December 31 1985. Profit before tax has more than doubled from £1.51m to £3.31m.

Mr Harry Hooper, chairman, says the rapid progress is expected to continue since there is much yet to be achieved within the existing business. Taken with the acquisitions about to contribute, this should ensure considerable further growth.

The directors are backing their "considerable confidence" in the future by raising the interim dividend from 0.3p to 0.75p net. The final in *1984-85* was 0.8p when pre-tax profits reached £4.53m.

The group carries on business as engineers, mainly in automotive components, industrial fastenings and light engineering. Its sales for the half year rose from £49.2m to £57.79m and trading profit from £2.78m to *£5.08m.* Interest charges were *£1.77m (£1.27m).*

Most areas in the UK achieved a much better performance, says Mr Hooper. Derritron, acquired at the beginning of the period, is now in modest profit and the acquisitions of Bramber Springs and GSF Fastenings are expected to contribute increasingly during the second *half.*

In Spain the CREMSA company continued its steep climb but the suspension company Amortiguadores was slowed by the start-up of new automated equipment; it is now on full stream again.

After tax £252,000 (£229,000) the interim net profit was *£3.06m (£1.28m) for earnings* of 5.86p (2.44p) per share.

● comment

Even against a raging bull market Armstrong's shares have roared in the last year or so. The City was well prepared for these interims and the shares climbed steadily in advance. *After some early profit taking they closed* just 9p higher at 131p. Nonetheless Armstrong's profits were better than expected, partly because of the flattering comparison with the months in which its NCB supplies were hit by the miners' strike; partly because of cost cutting; and partly because of a fillip in the fortunes of Europe's *beleaguered car industry. The* strength of European currencies and the recent House of Lords ruling, opening up the replacement body panel sector, should favour Armstrong. The City expects profits of £8.3m and a p/e of 12 for the year as a whole. European car production should show but marginal in*creases in the next few years* and the continuing improvement in car production quality has taken its toll on the auto parts industry. Margins are already threadbare. Thus far Armstrong has compensated for margin erosion by cost cutting, but after years of rationalisation there are very few costs left to cut.

Clyde hit by Buchan closure and price fall

THE SHUT-DOWN last year of the North Sea Buchan oilfield, combined with lower oil prices, has left Clyde Petroleum with reduced profits in the 1985 year.

These fell from £12.31m to £8.55m at the pre-tax level—roughly in line with analysts' expectations—but a sharp fall in the tax bill reduced the shortfall in net earnings, which were *down* £1.71m at £8.45m.

However, the company was further hit below the line by a higher than expected £8.39m write-off relating to its decision to withdraw from the US, and the unchanged final dividen *of 1.5p will* cost *£1.44m* and leave it with a retained deficit of £1.38m, compared with a profit of £8.73m. Group turnover fell from £34.24m to £22.53m.

On future prospects, Dr Colin Phipps, the chairman, says that Clyde is well-placed to see through the problems associated *with lower oil prices* in the short-term:

He adds that since production recommenced at Buchan last May, it has been at a very satisfactory level.

The effect of the retained deficit, coupled with a loss of £11.9m on exchange adjustments, is to reduce shareholders' funds from £91.5m at the start of 1985 to £78.2m.

● comment

For the independent oil sector it is survival of the thinnest; and for Clyde, as with all the companies, the longer crude oil prices stay below $18 a barrel the worse it looks for 1986. At 45p unchanged, Clyde's share price reflects this prospect rather than the results. The *good news for the company* has to be the Moonie Oil stake, now 20 per cent. This locks in the Brisbane company (of which Elders Resources holds one-sixth) at the 75p level. A full-scale merger was apparently considered but dropped because of Australian foreign investment barriers. Between now and 1988, the tax efficient Forties Field plus Buchan will be the key UK earners with Ecuador *providing the overseas contribution.* These look sound enough with oil at a $15 average. Should the price drop for any length of time below $12, then the whole of the independent sector, Clyde along with it, does not look viable. Those locked into the shares pre mid-1985 have probably lost the opportunity to get out without taking a big loss but some non-oil conglomerates may soon be inclined to take a longer view on the sector at present prices.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually *held for the purpose of considering* dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: A and G Security Electronics, Barratt Developments, Blanchards, LWT, Mayhew Foods, Pacific Sales Organisation, Park Place, Renishaw, Sanderson, Murray and Elder, Sheldon Jones, Tay Homes, F. W. Thorpe, Westminster and Country Properties.

Finals: Banro Industries, Boddingtons *Breweries,* Britoil, Bronx Engineering, Central Independent Television, T. Clarke, Church, Consultants (Computer and Financial), Edinburgh Financial Trust, *HTV, A. Jones, Kode International,* Legal and General, Octopus Publishing, Ryan International, Sale Tilney, Schroders, Sharpe and Fisher, *Smith and Nephew, Superdrug Stores,* Trinity International, Turner and Newall, Wickers.

FUTURE DATES

Interims:	
Close Brothers	Mar 25
Fleming Japanese Inv Tst	Mar 24
New Cent Witwatersand Areas	Apr 17
Portland	Apr 2
Young (H.)	Mar 26
Finals:	
Bank of Scotland	Apr 23
Caparo Properties	Apr 2
Ingham (George)	Mar 21
Ldn & Continental Advertising	Apr 8
Martin Currie Pacific Trust	Mar 27
North British Canadian Inv	Apr 4
Readymix	Mar 26
Silkolene Lubricants	Apr 2
Standard Chartered	Mar 25
Supra	Mar 26
Wilson Connolly	Apr 7

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UK COMPANY NEWS

Sirdar ahead 24% and lifts dividend

Sirdar, the Yorkshire-based manufacturer of hand-knitting yarns, saw taxable profits rise by 24 per cent in the first half of the 1985-86 year, and is to increase the midway dividend by a similar amount with a 1.65p payment, up from 1.32p.

The result for the 28 weeks to January 10—pre-tax profits were up from £4.83m to £5.97m—came out of turnover 16 per cent ahead at £21.4m. Mrs Jean Tyrrell, the chairman, says that sales in the second half were continuing at a similar level, and that if this is maintained the final result would show a significant improvement over last year.

Last time there was a slender 6 per cent rise in pre-tax profit to £9.53m, with disappointing sales from the Hayfield brand. Mrs Tyrrell said yesterday: "I am delighted that the confidence expressed in my chairman's statement has been so well justified by the performance in the first half of the year."

Earnings per share for the half came to 7.76p against 6.31p, after a higher tax charge of £2.25m (£1.8m).

● comment

For the last 10 years Sirdar has been in a virtuous circle of investment leading to fatter margins, better marketing, and higher profits. For the last five of those the market has judged that the forward movement was about to stop, and hence Sirdar shares have tended to be underrated. A few months ago the market overhauled its prejudices, and in response to a flurry of buy notices from stockbrokers, the share price has risen from less than 120p six months ago to 175p. Yesterday's results showed the wisdom of such a re-rating and the shares rose another 3p. Again margins are up, partly due to further gains in productivity, but also due to a better mix of products, as more expensive mohair yarns have sold well last season. The second half has started well, and the company should make a total of £12m this year. That would suggest a prospective p/e of 11, an ill-deserved discount to the sector.

Second half lift gives Hepworth Ceramic £33.5m

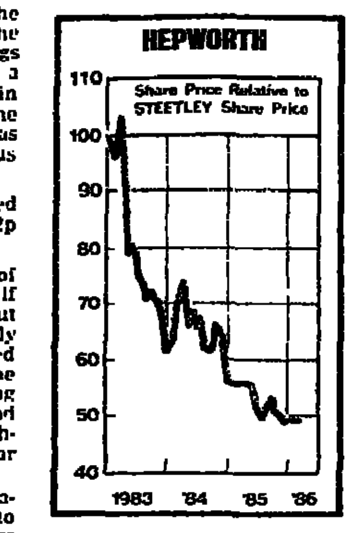
A STEADY improvement in the second half has enabled the **Hepworth Ceramic Holdings** group to recover and produce a pre-tax profit of £33.54m in 1985, which was better than the market was expecting and was not too far adrift of the previous year's £35.23m.

The final dividend is raised to 4.3p for a net total of 7.2p for the year, against 6.75p.

The year was a reversal of 1984, when a strong first half led to profits of £20.06m but business then fell away badly and the second half produced only £15.18m. This year the group had a very weak opening six months (£13.54m profit) and then picked up steadily throughout the remainder of the year and has continued to do so.

The combination of extraordinary bad weather added to the low level of business activity in 1985. The worst January and February the group has encountered since the industrial turmoil of the three-day week of early 1974 gave it a very bad start.

Over the year the group was hit in the building and construction materials side where the operating profit fell by £2.5m to £19.37m. Industrial sands, minerals and resins also showed a decline to £9.92m (£10.39m), but refractories improved to £5.96m (£5.19m) and engineering and miscellaneous



moved up strongly to £943,000 (£394,000). Interest charges were little changed at £2.65m (£2.61m).

Related companies increased their contribution from £75,000 to £465,000.

After tax £12.66m (£13m) and minorities £611,000 (nil) the attributable profit for the year comes to £20.27m (£22.2m) for earnings of 12.88p (14.12p) per share.

There are extraordinary debits of £3.94m (£4.09m) comprising closure and restructuring costs £5.4m (£4.49m), loss on closure of related company nil (£399,000), less UK tax relief £1.46m (£797,000). Exchange debit adjustments of £7.54m (credit £9.39m) have been dealt with in reserves.

● comment

The catalogue of misfortunes which hit Hepworth's figures occurred mainly in the first half and was well explored at the interim stage. Since then the group has experienced a strong recovery and the likelihood of its continuation this year points towards profits of at least £39m. The weather has favoured the construction industry so fa rthis year and the buoyancy of the building sector generally should increase turnover. Hepworth's extensive programme of automation and consequently high operational gearing means that much of the increase will feed straight through to the bottom line. Refractories have shown a substantial improvement in spite of the absorption of the heavily loss-making British Steel refractories in February last year, and there is scope for further large gains in the division. With the shares down 1p at 183p, the prospective p/e ratio is 11¼ after a 36 per cent tax charge. The prospective yield of about 6¼ per cent, the forthcoming appointment of a chief executive and the perpetual bid speculation suggest that the rating is modest.

Advertising boost lifts TSW to over £1m

A 20.8 PER CENT increase in advertising revenue, compared with a national industry average of about 17.2 per cent, contributed to higher pre-tax profits at **TSW-Television South West Holdings** in the six months to January 31 1986.

The profit improved from £836,000 to £1.02m, and this was after operating costs up from £10.8m to £12.64m and a higher Exchequer Levy of £921,000 compared with £514,000. Turnover of this independent television programme contractor was £14.66m against £12.15m.

The interim dividend is raised from 0.55p to 0.64p—last year's total was 1.7p from pre-tax profits of £1.43m (£1.72m). First-half earnings per 5p share were up from 2.35p to 2.92p.

Apart from increased advertising revenue, the company is selling more of its programmes, particularly in the UK. The directors say this is still a comparatively modest activity, but the company's income from this source was 28.2 per cent up on the previous year.

The levy on profits from UK television operations is to be reduced, possibly by as much as 20 per cent, and there will be introduced a levy on profits from overseas sales.

Strong & Fisher drops venture

Strong and Fisher (Holdings), manufacturer of clothing and fashion leathers, has pulled out of the projected joint hotel venture with **Polly Peck** in Turkey which it first announced a year ago.

Strong announced yesterday that it had decided not to take up the offer of participation in the project from Mr Asil Nadir, Polly Peck chairman. It had incurred no costs from its involvement, Strong added.

At the same time Strong announced a 10 per cent rise in pre-tax profits from £1.95m to £2.17m in the six months ended December 1985 on turnover barely changed at £25.43m (£25.36m). It will raise its interim dividend from 2.5p to 3p.

Mr Richard Strong, managing director, said the improvement in prospects for Strong's overseas business had been so marked, given the decline of sterling, that it had decided to concentrate on its core activities.

"When we announced it a year ago it (the hotel) was an excellent opportunity which was available to us," he added "Then them terms of trade were not as god as they are now. We now see an expansion of our main business, which is leather."

Mr Strong and Mr Mark Ellis, joint managing director of Polly Peck, denied there had been any between the two companies but Mr Ellis declined to comment further.

In its announcement of a year ago Strong said a feasibility study had been completed to build a 300-room luxury hotel in Antalya in Southern Turkey. Strong was to haev taken a 25 per cent stake in a joint company with Polly Peck, investing £250,000 initially, rising to £1.5m over 18 months.

John Moore on the background to the Clive/Pru-Bache deal

Discount houses face up to radical change

THE TAKEOVER of **Clive Discount** by **Prudential-Bache**, the US financial services group, which was announced on Tuesday, is the latest in a series of mergers and realignments which have been taking place for some years in the discount house market. The number of independent houses has now shrunk to four, though three of these are the largest operators in the market. A few years ago there were ten.

Radical changes in the structure of London's financial markets, market forces within the discount house community, and the individual financial position of each discount house have contributed to the rapid changes now taking place.

The discount houses play a prominent role in the money markets, acting as principals, buying and selling for their own account. They make markets in a variety of short-term financial instruments, such as bills, by quoting prices at which they stand ready to deal, which contributes to the overall liquidity of the money markets. Since they finance their own books they add to the supply of highly liquid assets in the market.

Traditionally, they have been the channel through which the Bank of England controls the liquidity in the UK banking system, and, as such, they are the only institutions who have a dealing relationship with the Bank.

The discount houses have traditionally been protected by this close relationship. Rather than deal directly with the banking system, the Bank has preferred to buy and sell bills through the discount market which has become dependent on the Bank.

Markets, however, have been changing. The one in British Government securities—the gilt-edged market—is being reformed as part of the financial services revolution in London and the de-regulation of the securities market. A move towards a fixed interest market modelled on the lines of the US market will erode the privileged status of the discount houses.

"The pattern is changing," said one securities dealer, "because the Bank is no longer wedded to the old structure."

The boundaries between short-term money market instruments and Government bonds are becoming less distinct. The 29 market makers, including a number of discount houses, will be extending their range of operations into each other's territory.

Medium-sized discount houses like Clive faced a more and more pressing need for additional capital to compete with the major primary dealers in British Government securities. Clive had already formed a joint venture with Prudential-Bache aimed at becoming a market maker, but it has now decided to cement its link this week through a complete merger with the US group.

Prudential-Bache, for its part, wanted to develop its securities business in London on a more coherent basis and the original joint venture arrangement was looking organisationally unwieldy.

Two other US groups have moved in: Last year the large New York bank CitiCorp acquired Seccombe Marshall & Campion, a small discount house, while more recently Irving Trust, the US banking group, announced its plans to take over Smith St. Aubyn.

Outsiders such as there have entered the discount house market because they want representation in as many components of the London securities markets as possible. Mercantile House, the British financial conglomerate which has acquired two discount houses, saw it as a way in which it could build up early expertise in deal making in gilts ahead of the restructuring of the gilt-edged market.

Yet factors apart from the financial services revolution are also having an impact on the market. Three of the independent discount houses — Gerrard & National, Union and Cater Allen—account for around 70 per cent of the market's capacity. Those with enough capital to support large transactions in the market have grown larger, while the smaller houses, with less capital, have been unable to keep up and forced to merge.

Smith St. Aubyn was crippled by £20m of losses in 1982 through attempting to maintain its position by taking on imprudent principal's risks in the gilt-edged market. At the time of its merger agreement with Irving Trust, Mr Jeremy Smith, chairman of the house, said: "In the modern world, as the discount house market is developing, there is no future for a house with reserves of under £15m."

Clive itself has found trading hard going, with a reported loss in its last financial year which was turned round to a break even position in the current first half.

So will there be other regroupings? "Clive and Smith St Aubyn are pawns in the game but the big three (Gerard, Union and Cater) are knights," said one analyst. "It will be a rather different move next time."

Union has forged a link with Scottish securities group Aitken Campbell, an equity and gilt stockjobber which is becoming a primary dealer in the restructured gilt-edged market. Union is setting up its own market maker in British Government securities.

Gerrard & National, the largest discount house, was planning to enter the remodelled gilt-edged market through a joint venture arrangement with stockbroker James Capel. But once the Bank of England's plans become clear decided to go it alone. It has acquired a commodity broker, Intercommodity.

Cater Allen is also becoming a primary dealer but has extended its interests in other directions, most notably by the acquisition of a Lloyd's underwriting agency from Sedgwick Group.

King & Shaxson, the smallest of the remaining independents, has not applied to become a primary dealer because it felt it was too small. Instead it has applied to become a gilt-edged market, money broker in the reshaped market.

But with markets changing so rapidly, those that remain independent may have to change the nature of their business even more.

Park has 53% of UCAT

The agreed take-over of **United Computer and Technology** by **Park Place**, which values UCAT at about £5m, has been accepted by over 53 per cent of UCAT shareholders. The two for one share offer was accepted by holders of 52.5 per cent of the UCAT equity. The shareholders of Park Place approved the acquisition at an EGM on March 17 and the offer has now been declared unconditional.

DIVIDENDS ANNOUNCED

Alida†	6.5	May 7	—	9.75	—
Armstrong Equipm't int.	0.75	May 28	0.3	—	1.1
Clyde Pet.	1.5	May 7	1.5	1.5	1.5
Hepworth Ceramic	4.3	July 1	4	7.2	6.75
J. Hewitt & Son	2.3	—	2	2.7	2.4
Jamesons Chocs.	3	May 30	3	5	5
Jove Inv. Trust 2nd	2.85	—	2.69	5.35	5
Logica int.	nil	—	0.35	—	0.35
Jones & Shipman	2.7	May 15	1.75	3.85	2.75
Macallan-Glenlivet	2.34	—	1.9	3.34	2.9
Hugh Mackay	3.2	May 23	3.2	4.6	4.6
McLaughlin & Harvey	5†	May 22	5	—	7
Refuge Group	9.25	May 12	7.75	13.75	11.75
Rentokil	1.55	—	1.35	2.44	2.13
G. H. Scholes int.	8	May 14	6	—	20
Sirdar int.	1.65	May 14	1.32	—	4.12
Strong & Fisher int.	3	Apr 30	2.5	—	7.5
Trafford Park int.	4†	Apr 30	3.75	—	11.5
TSW-TV int.	0.65	May 22	0.55	—	1.7
Willis Faber	6.25	May 29	4.75	8.75	6.5
Hunter	2.5	—	nil	2.5	nil
DRC	4.95†	July 7	4.5	8.25	7.5

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

UK COMPANY NEWS

Stockley continuing discussions with Stock Conversion

BY MICHAEL CASSELL

Stockley, the Jacob Rothschild-backed property development and investment company, yesterday announced a small £88,000 rise to £3.76m in pre-tax profits for 1985.

The company, which a year ago purchased a 26.5 per cent stake in Stock Conversion, one of the UK's largest property groups, said yesterday that "friendly discussions" with Stock Conversion, aimed at resolving the future relationship between the two companies, were continuing.

Mr Michael Broke, Stockley's chief executive, said that a number of options remained under discussion but that the situation had not been resolved. An announcement was not imminent. The company's profits were boosted by its Stock Conversion shareholding, which contributed £2.1m to the pre-tax total.

Stockley's figures also included profits of £1.95m on the sale of properties, one of which, in Chiswick, was purchased as part of the European Ferries portfolio. The other main sale was of the RAF Club building in the West End of London. Disposals of properties included in the Euroferries deal generated a total of £8.1m during the year and a net profit of £1.1m.

Net rental income was up from £414,000 to £1.95m, and earnings per share stood at 1.44p, against 0.09p, but there is no ordinary dividend payment. Payments are expected to start once the benefits of the present development programme begin to flow through.

Shareholders' funds ended the year at £142.7m against £33.65m at the end of 1984. The company has no short-term borrowings and, at the year-end, had £3.9m of cash on its balance sheet.

At Stockley Park, the business park being developed close to Heathrow airport, the first tenant should move in during July. No lettings have yet been signed but interest from tenants has encouraged the developers to bring forward the construction programme.

Progress at Salisbury Square, City of London, is going well and lease agreements have been signed to produce an annual rental in excess of £3m. The development, a joint venture with British Land and Barclays Bank Pension Fund, should be ready for occupation by June.

Stockley has also signed a lease with a tenant for 53,000 sq ft of office floorspace at Hoskyns House, Shaftesbury Avenue in London, acquired as part of the European Ferries package. Stockley says that it is about to confirm lettings involving a significant amount of floorspace at Stockley House, Victoria, also a former Euroferries property, where only one tenant has so far signed a lease.

Shell UK has no plans to cut expenditure

BY DOMINIC LAWSON

Shell UK yesterday said that it had no plans to cut its capital expenditure in the North Sea, despite the halving of the oil price. This is in sharp contrast to the other oil majors, including Shell's North Sea partner, Esso, who have announced swingeing reductions in capital expenditure in line with their reduced revenues.

Shell UK also revealed post tax profits of £667m, compared with £383m in 1984. But Shell UK chairman Mr Bob Reid warned yesterday that the company would have "a lousy year" in 1986, if current crude oil prices prevailed.

At the operating level the biggest improvement was in the oil refining and marketing business which turned from a loss of £35m to a profit of £91m. Mr Jaap Klootwijk, Shell UK's downstream chief, said that it was the first time for many years that the downstream business had made an adequate return and covered its own debt servicing bills and capital expenditure.

Shell said that it would absorb a stock loss of about £100m in the first quarter downstream, but that the business would still break even in the period.

This suggests that the underlying profitability of the downstream business is now running at a rate of about £400m a year, but Mr Reid said that Shell had no hesitation in passing on the Budget increase in petrol duty to the consumer. "We are acting as a tax collector for the Government," said Mr Reid.

Shell UK's chemical business made an operating profit of £11m, the first profit since 1979, and a reflection of the restructuring carried out over the past few years. An exceptional loss of £94m in 1985's figures relates to the rationalisation of Shell's chemicals sites.

Last year Shell UK spent £618m on capital and exploration expenditure, an increase of 12 per cent. Mr Reid said yesterday that capital expenditure would remain high. He added, "We must keep going. Oil is a long-term business, and we don't yet know how temporary are the oil price problems."

This could lead to big differences with Esso Shell's North Sea partner, whose parent, Exxon of the US this week announced a 26 per cent cut in its capital spending plans.

Mr Reid said yesterday: "Obviously the partner has a view on capital spending that is different from ours, but we will reach an amicable solution to any difficulties."

Over Shell UK's whole business, average capital employed in 1985 rose to £3.7bn, on which the company made a return of 17 per cent.

Jones & Shipman doubled to £2.1m

THE recovery at Jones & Shipman, the high precision machine tool maker, has continued apace, leading to doubled profits of £2.12m for 1985. Shareholders benefit with a lift in their net dividend from 2.75p to 3.85p, the final being 2.7p.

Turnover rose by £3.06m to £19.92m while the increase in operating costs was held to £2m. Tax takes £292,000 (£37,000) to leave earnings at 15.3p (8.6p) per share. There is an extraordinary credit of £129,000.

The directors say that the current rate of order intake is not as brisk as for the like period of 1985. Nevertheless, they are currently budgeting for a year-on-year increase in both orders and turnover.

Macallan optimistic for 1986

Macallan-Glenlivet, the malt whisky distiller, yesterday reported a slight fall by £26,000 to £719,000 in taxable profits for 1985 but was optimistic that a significantly higher result could be achieved this year.

Turnover during 1985 moved ahead from £4.75m to £5.02m but, while operating margins improved by a full percentage point, higher interest charges of £637,000, against £486,000, depressed the taxable result.

Despite this, however, the final dividend is being raised to 2.34p (1.9p), making a higher total of 3.34p (2.9p). Earnings were 10.67p (11.23p) per share.

The directors say that the company in 1986 should benefit from lower interest charges and fuel prices, as well as another material advance in bottled sales which helped the 1985 results.

Problems at Berger show through in Hoechst downturn

BY TONY JACKSON

Hoechst UK, the British subsidiary of the West German chemical giant Hoechst AG, suffered a 4 per cent drop in pre-tax profits last year, to £10.1m. The chief culprit was the Berger paint subsidiary, which was hit by strikes and competitive conditions in Australia.

Group sales rose 3 per cent to £584.2m. At the trading level, profits from chemicals (including pharmaceuticals) were up 20 per cent at £9.7m. This partly reflected the inclusion of the Cox pharmaceutical acquisition, which contributed about half of drug sales of £30m.

Cox makes generic (unbranded) drugs, and Hoechst said the purchase had underlined its loss of confidence in UK branded medicines as a result of the Government's introduction of a limited list of prescribable drugs.

Paint division profits fell by 10 per cent to £8.5m on sales of £302m. UK profits were unchanged, with the reorganisation of Berger Industrial Coatings costing more than expected, and there was a sharp fall in the Australian business.

The Kalle Infotec office equipment division raised trading profits from £100,000 to £1m on sales of £23.9m. The division has been undergoing lengthy restructuring.

The interest charge rose sharply from £9.7m to £12.4m, the result of higher rates and a £13m increase in borrowings over the year. Capital spending particularly on acquisitions, had been higher than expected at £15.4m The budgeted figure for this year is £13.5m.

Mr Dominik von Winterfeldt, head of Hoechst UK, said he was cautiously optimistic about 1986. Sales and profits should continue at around the same level.

Logica profits rise to £1.68m in first half

INTERIM figures of Logica, computer software and hardware producer, for the six months to December 31 1985, show improved taxable profits of £1.68m compared with £1.15m. Turnover climbed from £26.8m to £34.08m. Comparatives has been re-stated.

One of the financial consequences of the company's withdrawal from office automation has been a deficit on distributable reserves. Therefore, no interim dividend will be paid against 0.35p last time.

An extraordinary meeting has been called for April 11, seeking approval for a reduction of capital by cancellation of part of the share premium account. Such reduction of capital will remove the deficiency on distributable reserves and enable Logica to declare dividends in respect of future profits.

Logica had a positive operating cash flow in the first half and this, together with the £15.1m raised from the re-financing, resulted in the company having no net borrowings, and having net tangible assets attributable to shareholders of some £16m.

Pre-tax profits were after considerably higher interest charges of £761,000 compared with £373,000, and this represents interest on borrowings which have now been fully repaid from the proceeds of the re-financing. It has been decided to take the opportunity to make a general provision of £1m in respect of possible future contingencies, and has been charged as an extraordinary item.

The total extraordinary debit, including discontinued operations, amounted to £15.9m against a credit last time of £563,000.

● comment

As Logica's management is well aware it must not only perform but must be seen to be performing in the next year or so. These interims are an encouraging start and the share rose 8p to 190p yesterday. But for market confidence to be restored Logica must stage a complete recovery by the end of the current financial year, which demands a return to profit in the US and rules out any more messy mistakes with fixed fee contracts. Logica's ability to win new business is unquestioned and it is well poised to make the most of growth in both the financial and defence sectors. The City expects profits of £5m this year and a p/e of 29. The tristes of 1985 had labelled Logica as an accident prone company and the market has little faith in the ability of the present management to overcome that. A bid would be the sensible solution. But EDS's withdrawal, and the political problems posed by the lucrative Ministry of Defence and British Telecom contracts, will deter overseas predators, while British bidders, like the market, would baulk at such a high rating.

G. H. Scholes nears £2.5m at midway

Pre-tax profits rose from £2.22m to £2.45m in the half year to end 1985 at George H. Scholes, the Manchester-based electrical engineer and manufacturer of Wylex electrical products.

The interim dividend is increased from 6p to 8p to reduce the disparity with the final. Midway earnings per share came out at 23p against 19.7p.

Mr G. McDowell, the chairman, said that the start of the current half had been encouraging, and he looked forward to continuing at the present level of activity. First half turnover rose from £12.11m to £14.14m.

After a tax charge of £968,000 against £953,000, and the higher dividend, which will take £514,000 (£386,000) the company is left with a retained profit of £964,000 (£878,000).

McLaughlin & Harvey

Builder and civil engineer McLaughlin & Harvey has seen a reduction in pre-tax profit from £1.47m to £1.15m over 1985. Earnings are down from 21.5p to 19.4p per share but the dividend is held at 7p with an unchanged final of 5p.

At the halfway stage the directors of this USM quoted group reported that profits were ahead from £583,000 to £704,000 and said they were "reasonably confident" for the year

Hillsdown offshoot lifts profits 59%

Hunter, a furniture manufacturer which is part of the Hillsdown Holdings string of companies, saw taxable profits rise by 59 per cent in 1985, and as promised last October it is to resume dividends with a payment of 2.5p.

Mr Harry Solomon, chairman, says that the year has been one of significant improvement, and that the profit rise—up from £660,000 to £1.05m—principally due to an excellent result from the Hunter Plywood group and a useful first time contribution from the newly-formed property division.

Mackay looks to improve

ALTHOUGH profits in 1985 fell from £659,000 to £521,000, the directors of carpet maker Hugh Mackay say the year ended with high activity. The order intake was greater giving the prospect of a good start to the current year.

Earnings for 1985 were down from 8.31p to 7.78p but the dividend is held at 4.6p net with a final of 3.2p.

Turnover in the year came to £15.3m (£14.69m). Exports fell from 35 per cent to 26 per cent of the total partly because of greatly higher sales of tufted carpets (which are predominantly sold in the UK) and a temporary setback in sales by the West German subsidiary at the start of the year.

Greatest growth area was the UK where volumes were 7 per cent up in woven carpets and 58 per cent in tufted, reflecting the general expansion of the leisure industries. Non-woven products have expanded into the office sector.

Trading profit came to £474,000 (£589,000) most of which was earned in the second half. This stemmed from greater woven volumes some 15 per cent higher in the second half at slightly improved margins.

After tax £137,000 (£246,000) and minority loss £2,000 (profit £2,000) the net profit works through at £386,000 (£411,000).

The directors say "we begin 1986 confident that we can continue the progress made during recent years."

COMPANY NEWS IN BRIEF

J. HEWITT & SON (Fenton), the manufacturer of industrial and domestic refractories, increased taxable profits in 1985 from £541,000 to £642,000 on turnover up from £6.3m to £7.72m. Earnings per share rose to 11.4p (8p) and the final dividend has been lifted to 2.3p for a higher 2.7p (2.4p) total. The company expects a further profit improvement this year.

CITY OF ABERDEEN Land Association has placed £7m of 10.8 per cent redeemable stock 2011 with institutions at £100 per cent. The issue is in accordance with a drop-lock loan agreement which City of Aberdeen entered into in November 1981.

JOVE Investment Trust achieved net revenue of £760,000, against £734,000, for the year to end-February 1986. Net asset value per income share at the year-end was 51.38p (51.36p), and per capital share was 39.03p (27.7p). The second interim dividend is 2.85p (2.69p), making a total 5.35p (5p).

JAMESONS CHOCOLATES, the London-based confectionery manufacturer, reports more than doubled taxable profits of £320,000, against £132,000, for 1985 on virtually unchanged turnover of £8.8m (£8.81m). The final dividend is held at 3p for an unchanged 5p total.

GESTETNER HOLDINGS' shareholders were told at the annual meeting that the company did not expect interim profits to reach those achieved in the corresponding period for 1985, although this was in line with budgets.

JOINT COMPANY ANNOUNCEMENT

FREE STATE CONSOLIDATED GOLD MINES LIMITED
("Freegold")
(Registration No. 05/28210/06)

ORANGE FREE STATE INVESTMENTS LIMITED
("Ofsil")
(Registration No. 85/05715/06)

WELKOM GOLD HOLDINGS LIMITED
("Welkom")
(Registration No. 05/24464/06)
(all of which are incorporated in the Republic of South Africa)

ISSUED SHARE CAPITALS AND INTER-COMPANY SHAREHOLDINGS

Following the allotments of shares arising from the Schemes of Arrangement in terms of which Freegold acquired the entire issued share capitals of Free State Geduld Mines Limited, President Brand Gold Mining Company Limited and Western Holdings Limited, the issued share capitals of the companies are now as follows:

FREEGOLD
116 179 121 shares of 50 cents each

OFSIL
22 514 094 shares of 1 cent each

WELKOM
35 350 937 shares of 50 cents each

Ofsil is the holder of 58 761 785 (50.58 per cent) Freegold shares and Welkom is the holder of 6 838 000 (30.37 per cent) Ofsil shares and 6 141 966 (5.29 per cent) Freegold shares.

Johannesburg
March 20 1986

BASE LENDING RATES

ABN Bank	11½%	Grindlays Bank	‡11½%
Allied Dunbar & Co.	12½%	■ Guinness Mahon	11½%
Allied Irish Bank	12½%	■ Hambros Bank	12½%
American Express Bk.	12½%	Heritable & Gen. Trust	11½%
Amro Bank	11½%	■ Hill Samuel	§12½%
Henry Ansbacher	12½%	C. Hoare & Co.	12½%
Associates Cap. Corp.	12½%	Hongkong & Shanghai	11½%
Banco de Bilbao	12½%	Johnson Matthey Bkrs.	12½%
Bank Hapoalim	12½%	Knowsley & Co. Ltd.	13 %
Bank Leumi (UK)	12½%	Lloyds Bank	11½%
BCCI	12½%	Edward Manson & Co.	12½%
Bank of Ireland	12½%	Meghraj & Sons Ltd.	11½%
Bank of Cyprus	12½%	Midland Bank	11½%
Bank of India	12½%	■ Morgan Grenfell	11½%
Bank of Scotland	11½%	Mount Credit Corp Ltd.	11½%
Banque Belge Ltd.	12½%	National Bk. of Kuwait	11½%
Barclays Bank	11½%	National Girobank	12½%
Beneficial Trust Ltd.	13½%	National Westminster	11½%
Brit. Bank of Mid. East	11½%	Northern Bank Ltd.	12½%
■ Brown Shipley	12½%	Norwich Gen. Trust	11½%
CL Bank Nederland	11½%	Peoples Trust	13½%
Canada Permanent	11½%	PK Finans. Intl. (UK)	13 %
Cayzer Ltd.	12½%	Provincial Trust Ltd.	13½%
Cedar Holdings	13 %	R. Raphael & Sons	11½%
■ Charterhouse Japhet	11½%	Roxburghe Guarantee	13 %
Citibank NA	11½%	Royal Bank of Scotland	11½%
Citibank Savings	¶12½%	Royal Trust Co. Canada	12½%
City Merchants Bank	12½%	Standard Chartered	11½%
Clydesdale Bank	11½%	TCB	11½%
C. E. Coates & Co. Ltd.	13 %	Trustee Savings Bank	11½%
Comm. Bk. N. East	12½%	United Bank of Kuwait	11½%
Consolidated Credits	12½%	United Mizrahi Bank	11½%
Continental Trust Ltd.	11½%	Westpac Banking Corp.	12½%
Co-operative Bank	*12½%	Whiteaway Laidlaw	12 %
The Cyprus Popular Bk.	12½%	Yorkshire Bank	11½%
Duncan Lawrie	11½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	12½%		
First Nat. Fin. Corp.	13½%		
First Nat. Sec. Ltd.	13½%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptrs.	13½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.70%, 1-month 9.80%. Top Tier—£2,500+ at 3 months notice 12.06%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8% gross.
¶ Mortgage base rate.
§ Demand dep. 8¾%. Mortgage 13%.

هكذا منه الأصل

BUSINESS LAW

Two basic rules for the Big Bang

By A. H. HERMANN, Legal Correspondent

SO MANY of my colleagues who are highly expert in financial matters have been writing about the Financial Services Bill for so long that I thought that I was safe in concentrating on legislation which really matters: for example, the laws which they make in Washington and then apply across the Atlantic, or to British firms who take their suits to New York.

However, it was ordained that I should not be left out of the song and dance preparing for the Big Bang. Still hopeful, I went round the office looking for annotated copies of the Bill which would save me from thinking. All I found was a library copy in pristine condition, its 174 pages craving for human sympathy and attention.

I read it all before leaving the office but it did not help much. I took it home and read it again. To no avail. Next morning I woke up with a high fever. The doctor was called and strictly prohibited the reading of any legislative material.

When I recovered, I still could not say what was in the Financial Services Bill. In desperation, I keyed it into my desk computer and asked what the main idea was. The computer took inordinately long to answer and then said: "Never mind the idea, implementation is unlikely before mid-1987, probably much later." "But Big Bang is scheduled for October 27 1986," I pointed out. "You will just have to make do with common law, the Prevention of Fraud Investment Act 1958 and the Licensed Dealers' Rules."

I asked what was likely to happen in 1987 when the Secretary of State, the Securities Investment Board and all the self-regulating organisations should have brought out their various rules. "CAN'T SAY" appeared in glaring green letters on the screen.

"Don't be silly," I said to my computer, "there are 166 clauses and 13 schedules. Do your work properly and tell me what will happen."

"NOTHING," in big green letters. "Explain," I ordered, losing patience. "There are too many 'ifs' and 'buts'" chirped the computer, evidently trying to appease me. "Only one thing is certain. The breach of the as-yet-unknown rules will entitle those concerned to mount a civil suit under section 57. All documents will be capable of discovery. Litigation will proliferate to figures beyond my capacity. Authorised persons threatened with suspension, injunctions and restriction orders will fight back in courts, making complaints against the self-regulatory organisation, the SIB, the Secretary of State and his inspectors. They will be busy convincing the DPP that no evidence is available."

There was a silence, and then my computer added: "Can't say how anyone will have time left for the investment business."

At this point, concluding that I would not get any sense out of the machine and flouting the doctor's orders, I decided to make another attempt to digest the Financial Services Bill by human methods. I am sorry to confess that I did not get much further than my computer and can offer no more than these meagre gleanings about the Bill.

There will be two broad categories of persons to whom the legislation should be of concern. One consists of those engaged in, or attempting, investment business. The other are the investors. The first difficulty is that these are only imaginary categories. Some investors will themselves be engaged in the investment business. In relation to the dealers, brokers and advisers, the investors can be classified either as customers or as clients. They are customers when they only buy or sell, but clients when they receive advice.

Those engaged in the investment business will fall into three broad categories. Those who are exempt from the impact of the legislation, like the Bank of England, the Stock Exchange and Lloyd's of London will apparently be able to do whatever they want. Those who are authorised persons will be subject to rules made by the Secretary of State, except that these rules will not apply to them if they are members of a recognised self-regulating organisation. Finally, there is a third category, those who attempt doing investment business without being authorised: they will find that their deals cannot be enforced.

The crucial prohibition of the Bill is contained in Section 44 which says that any person who makes a misleading statement or dishonestly conceals any material facts is guilty of an offence for which he can be sent to prison for up to seven years. This sounds pretty tough, but the reality is different. First, it does not apply to statements made outside the UK, or made in the UK but affecting persons who are outside the UK, or affecting agreements entered into or exercised outside the UK. One can see the prices of Zurich office accommodation rocketing.

Second, if anyone is so careless as to mislead UK investors from a UK office and commits an offence against section 44, the matter will have to be referred to the Director of Public Prosecutions, who will give the culprit complete protection from publicity and plenty of time to find refuge for himself and his money in one of the many warm islands specialising in such hospitality.

The Bill would, of course, give the Secretary of State many other theoretical possibilities of how to move against those who do not play the game, for example, by withdrawing or threatening to withdraw or limiting their authorisation.

Given the existence of the one big family linking politicians with City institutions, as demonstrated by the past treatment of insurance frauds and the exemption of Lloyd's of London from the impact of the proposed legislation, one would have to be foolishly optimistic to expect that the political powers will be used effectively.

There is, of course, also the remedy of common law private action for those who have been swindled and who should be able to recover any profits fraudulently obtained by those who pretended to act as agents but preferred their own interests. Those who need the protection of the law most will not have money to risk on such private litigation, and some of those who have the money will use litigation just to annoy their competitors, or to bring them into disrepute. And what about the duty of an agent representing two principals whose interests clash? The Bill does not provide an answer.

Finally, there is the underlying idea that conflicts of interests—between the agent and his principal, and between several clients of one agent—can be somehow prevented by the erection of Chinese walls separating the dealing, advising and investment organising departments in a multi-purpose financial institution. My computer tells me that as many as 50 Chinese walls might be necessary within a conglomerate to provide for all possible situations. As it may be difficult to erect so many, it suggested that partners might sit in spacesuits and lunch apart.

There is indeed very little to recommend in the Bill. The City stands and falls on the confidence it enjoys. The Bill will do nothing to strengthen that confidence and a lot to frighten dealers away from London.

Is there a better way?

There is no perfect solution, but it could be done better. First, whatever legislation is made, it should be simple and understandable to non-lawyers and even to those coming from other jurisdictions and used to more direct legal thinking. It could rest on two basic rules, one saying that anyone who misleads another person, or lets him fall into error for his own or other people's gain, commits a fraud—and forget about dishonesty on which you need a jury to pronounce. The second rule should be that no one can serve two masters.

From these two rules everything else can be derived according to the circumstances of the particular case. The forms which dealers and brokers use with customers and clients should clearly state how they deal and what profit or other interest they have in the transaction.

Second, enforcement should be simple, cheap and predictable. There should be no reliance on remedial actions depending on political decision of ministers and no references to the Director of Public Prosecutions. Private actions should be only a last resort and so circumscribed as to prevent abuse.

The main burden of enforcement should be concentrated in the hands of a Securities Investment Board with statutory power to impose restrictions on dealers and severe fines capable of putting culprits out of business. There should be the right of appeal to courts in the same way as there is judicial review for other administrative decisions. It would rarely have to come to that. The possibility of sending a mob of investigators on a dawn raid, the ignominy of a well publicised investigation, the risk of initiating class actions on behalf of the small investors harmed by illicit operations: such threats would probably be enough to put the fear of law into City dealers in the same way as raised eyebrows used to do in the good old days.

And one more thing. It could have a most salutory effect if the threat of libel law was lifted from the financial press and if it had at least the same freedom of reporting as the Wall Street Journal has in the US.

F.T. CROSSWORD PUZZLE No. 5,977

ACROSS

1 Goes down sinks (8)
5 Skilful Dora dealt with it (6)
9 The driver of an American car (8)
10 Earnestly hope to become a church member (6)
12 One in seven moved away before the attack (9)
13 Expel the man entering, let the trainee off (5)
14 Left a cigarette case for Iris (4)
16 Back me before article is put in issue (7)
19 New deal includes stage being maintained (7)
21 Cross after primate gives tip (4)
24 In some books an expression of disgust means nothing (5)
25 They tease men in some ways, Jack (9)
27 It floats into grimy Holyhead (6)
28 Playing with marbles, about to enter a competition (8)
29 Excuse me, pet, perhaps that includes the "Times"? (6)
30 Normal pay for a back doctor (8)

DOWN

1 For a boring job picked up sticks for fuel (6)
2 Staggering "Sun" article on iron that's dangerous (6)
3 Lady written about by Northern poet (5)
4 Call sick nun in for operation (7)
6 Critical of peer's new girlfriend coming round (9)
7 Novel about an oil rig (8)
8 Scores departed during the games (8)
11 Took place again after 3½ days (4)
15 Sets fire to the joint as a warning to sailors! (9)
17 Pet ducks seen in the light (8)
18 The wild eagle, once overhead, is lacking in grace (8)
20 It may be played if the boy turns cold (4)
21 Fruit the kinky pair take to bed! (7)
22 Elizabeth is employed in a job disguised as a rodent (6)
23 When many object, go up (6)
26 The said aircraft is not luxurious (5)

Solution to Puzzle No. 5,976

SEEDED COLLAPSE · SHANDY BASTILLE · ANIMATOR STREET · NOEL SECONDHAND · RESTRAINED RAMP · TOPHAT LAVENDER · EYESIGHT GARNET · DESIGNER SENDON

Company Notices

KLEINWORT BENSON (JAPAN) FUND S.A.

Société Anonyme d'Investissement
Luxembourg, 37, rue Notre-Dame
R.C. Luxembourg B 8.528

Notice of Meeting

Shareholders are invited to attend a General Meeting which will be held at the offices of Kredietbank S.A. Luxembourgeoise, 43, boulevard Royal, Luxembourg, on April 9th, 1986 at 4.00 p.m. with the following agenda:

Agenda

1. Receipt of the reports of the Board of Directors and of the Statutory Auditor.
2. Approval of the balance sheet and the profit and loss statement as at 31st December 1985.
3. Payment of a dividend.
4. Discharge of the Directors and the Statutory Auditor in respect of the carrying out of their duties for the year ended 31st December 1985.
5. Re-election of the Directors and the Statutory Auditor for a new statutory term.
6. Approval of the appointments of Messrs. J. Adant, M. Katsuta and J.F.H. Trott as Directors of the Company.
7. Directors' remuneration.
8. Conversion of the Company into a société d'investissement à capital variable under the law of 25th August 1983 concerning collective investment undertaking.
9. Adjustment of the Articles of Incorporation, as a result of the action to be taken on the preceding item of this agenda, substantially in the form of the draft Articles of Incorporation as deposited at the Registered Office of the Company, where they are available for inspection by the shareholders.
10. Miscellaneous business as may properly come before the meeting.

Resolutions on the above mentioned agenda will require no quorum and the resolutions will be passed at a simple majority of the shares present or represented at the meeting, except for resolutions in respect of items 8 and 9 that will require a majority of 2/3 of the shares present or represented.

Holders of bearer shares may vote at the meeting in person by producing at the meeting a certificate of deposit which has been or will be issued to them against deposit of their share certificates with Kredietbank S.A. Luxembourgeoise, 43, boulevard Royal, Luxembourg or Kleinwort, Benson Ltd., 20, Fenchurch Street, London EC3.

Holders of bearer shares may vote at the meeting by proxy completing the form of proxy which will be made available to them against deposit of their share certificates as aforesaid or presentation of their certificates of deposit. In order to be valid all forms of proxy must reach the Company at Kredietbank S.A. Luxembourgeoise or Kleinwort, Benson Ltd., five clear days prior to the meeting.

Share certificates so deposited will be retained until the meeting or any adjournment thereof has been concluded.

Holders of registered shares may vote at the meeting either in person or by proxy by completing a form of proxy which will be sent to them.

By order of the Board of Directors

GENERAL MOTORS CORPORATION

Further to the DIVIDEND DECLARATION of 19th February, 1986 NOTICE is now given that the following distribution will become payable on and after 17th March, 1986, against presentation to the Depositary (as below) of Claim Forms listing Bearer Depositary Recepits.

GROSS DISTRIBUTION	6.25 CENTS
LESS 15% US WITHHOLDING TAX	0.9375 CENTS
	5.3125 CENTS PER UNIT
CONVERTED at 1.4510 =	3.66127 PENCE PER UNIT

Barclays Bank PLC
Stock Exchange Services Department
54 Lombard Street, London EC3P 3AH

Art Galleries

AGNEW GALLERY, 43 Old Bond St., W1. 01-629 6176. MODERN BRITISH PAINTINGS, DRAWINGS AND PRINTS. Until 11 April. Mon.-Fri. 9.30-5.30; Thurs until 6.30.

MARTYN GREGORY. "Tinqua's China." Superb detailed and decorative views, figure and botanical studies, etc. by this 19th century Canton artist. Exhibition 3rd-22nd March, 10 am to 6 pm (weekdays), 10 am to 1 pm (Saturdays). Catalogue available £7. 34, Bury Street, St. James's, London, SW1. 01-839 3731

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allied Dunbar Unit Trusts PLC (a)(g)

Anthony Wieler Unit Tst. Mgmt. Ltd

Arbuthnot Securities Ltd (a)(c)

Archway Unit Tst. Mgs. Ltd(a)(c)

Ashworth Management

Atlanta Unit Managers Ltd

Baillie Gifford & Co Ltd

Baltic Trust Managers Ltd

Barclays Unicorn Ltd(a)(c)(g)

Baring Fund Managers Ltd

Barrington Mgmt Co Ltd (z)

Bishopsgate Progressive Mgmt. Co

Brewin Dolphin Unit Tst Mngrs Ltd

Bridge Fund Managers (a)(c)

Britannia Unit Trust Managers Ltd (a)(c)(g)

Brown Shipley & Co Ltd (a)(g)

Brycourt Unit Trust Mgmt Ltd(a)(c)(d)

Buckmaster Management Co Ltd (a) (c)

CS Fund Managers Limited

Canada Life Unit Trust Mngrs. Ltd

Cannon Fund Managers Ltd (z)

Capel (James) Mngt. Ltd

Cater Allen Unit Tst Managers

Cent. Bd. of Fin. of Church of England

Chancery Charities N/R Fund

Charities Official Invest. Fund

Clerical Medical Unit Trust Managers Ltd

Confederation Funds Mngt Ltd (a)

County Bank UT Ltd

Crown Unit Trust Services Ltd

Dartington Unit Trust Mngt. Ltd

Discretionary Unit Fund Managers

Drummond Fund Mangt Ltd

Dunedin Unit Tst Mngrs Ltd

EBC Amro Unit Trust Mngmnt Ltd

EFM Unit Trust Managers Ltd

Eagle Star Unit Mngrs Ltd

The English Trust Group PLC

Enterprise Fund Managers Ltd

Equitable Units Administration Ltd

Equity & Law Un. Tr. M. (a) (c)

F & C Unit Management

FS Investment Managers Ltd

Fidelity International Management Ltd

Fleming Fund Managers Ltd (z)

Framlington Group (a)

Friends Prov. Trust Managers (a)(b)(c)

Funds in Court

G. & A. Trust (a) (g)

GT Unit Managers Ltd

Gartmore Fund Managers (a) (c) (g)

Global Asset Management

Govett (John) Unit Mngmt. Ltd

Grenville Unit Tst Mngmt Ltd

Gresham Unit Trust Managers

Greshaw Management Limited

Guardian Royal Ex. Unit Mgrs. Ltd (a)

Guild Management Limited

Guinness Mahon Unit Trust Managers Ltd

Hambro Generali Fund Managers Ltd (a)

Hambros Bank Unit Trust Managers Ltd (a)

Henderson Administration (a) (b) (c)

Heritable Unit Trust Managers Ltd

Hexagon Services Ltd

Hill Samuel Unit Tst. Mgrs.† (a)

IBI Fund Managers Ltd (a)

Key Fund Managers Ltd (a)(g)

Kleinwort Benson Unit Managers

LAS Unit Trust Managers Ltd

L & C Unit Trust Management Ltd

Laurentian Unit Tst Mngmnt Ltd

Lawson Fund Managers Ltd (a) (c) (g)

Lazard Brothers & Co Ltd

Legal & General (Unit Tst., Mngrs.) Ltd

Leonine Administration Ltd

Lloyds Bk. Unit Tst. Mngrs. Ltd (a)

Lloyd's Life Unit Tst. Mngrs. Ltd

Local Authorities' Mutual Invest. Tst.*

London & Manchester (Tst Mgmt) Ltd

London Law Unit Trust Mngt. Ltd

M & G Group (y)(c)(z)

MGM Unit Managers Ltd

MLA Unit Trust Management

ManuLife Management Ltd (a)

Mayflower Management Co Ltd

Mencap Unit Trust Managers Ltd (a)(c)(g)

Mercury Fund Managers Ltd

Midland Bank Group UT Mngrs. Ltd

Minster Fund Managers Ltd

MIM Unit Tst Mgrs Ltd

Murray Johnstone UT Mgmt. (a)

NFU Mutual Unit Managers Ltd

National Provident Inv Mgrs Ltd

Norwich Union Insurance Group (b)

Octavian Unit Trust Mgrs Ltd

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL 0793 28291

Fixed Int. Dep Acc.	214.6	222.9	--	—
Equity Acc	613.9	646.3	--	—
Property Acc	310.3	326.7	--	—
Far East Acc	117.6	123.8	--	—
Managed Cap.	303.0	319.0	--	—
Managed Acc	489.0	504.9	--	—
O'seas Earnings Acc.	411.9	433.6	--	—
Gilt Edged Acc	260.6	274.4	--	—
American Equity Acc	349.2	367.6	--	—
American Man. Acc.	166.8	175.6	--	—
American Prop Acc	122.5	129.0	-	—
Pen F I Dep Cap	236.7	249.2	--	—
Pen F I Dep Acc	362.1	381.2	--	—
Pen. Prop. Cap.	379.0	399.0	--	—
Pen. Prop. Acc.	640.5	674.3	--	—
Pen. Man. Cap.	434.6	468.0	-	—
Pen. Man. Acc	1071.2	1127.6	--	—
Pen. Gilt Edg. Cap	270.4	284.7	-	—
Pen. Gilt Edg. Acc.	373.1	392.8	-	—
Pen. Eq. Cap.	1040.6	1095.4	-	—
Pen. Eq. Acc	1331.3	1401.4	--	—
Pen. Am. Eq Cap.	140.6	148.1	-	—
Pen. Am. Eq Acc	151.8	159.8	-	—
Pen. Far East Cap.	140.5	147.7	--	—
Pen Far East Acc	151.3	159.3	--	—
Pen B.S. Cap.	249.7	262.2	-	—
Pen. B.S. Acc.	371.7	390.3	--	—
Pen. D.A.F. Cap	200.0	200.0	-	—
Pen. D.A.F. Acc	265.2	265.3	--	—
Pen. Mortgage Cap	112.2	118.2	--	—
Pen. Mortgage Acc	121.2	127.6	--	—

Ambassador Life Ass. Co Ltd
80 Holdenhurst Rd, Bournemouth 0202 292345

Equity Fd Acc	123.0	129.5	+1.4	—
Equity Fd Cap	113.4	119.4	+1.3	—

Baltic Assurance Funds
11 New Street, London EC2M 4TP 01-493 9899

Managed Growth	242.61	255.38	-1.41	—
Managed Income	117.16	123.33	-0.28	—

Continental Life Insurance PLC
64/70 High St, Croydon CR0 9XN 01-680 5225

Equity Acc	295.8	311.4	--	—
Property Acc	272.2	286.6	--	—
Int Acc	191.0	201.1	--	—
Managed Acc	248.1	261.2	-	—
Spec Sits Acc	220.4	232.0	--	—
Investment Tst Acc	118.6	124.9	--	—
Pen Int Acc	209.7	220.8	-	—
Pen Prop Acc	350.8	369.3	--	—
Pen Equity Acc	453.4	477.3	--	—
Pen Mngd Acc	275.8	290.4	--	—
Pen F & C Man Acc	126.9	133.6	-	—
Pen Inv Trust Acc	139.6	147.0	-	—

Prices for other funds available on request.

Cornhill Insurance PLC
57 Ladymead, Guildford 0483 68161

Equity Fd (A&B) Mar 12	230.0	242.5	--	—
Fixed Int (A&B) Mar 12	165.5	174.5	--	—
Man Growth (A&B) Mar 12	485.0	511.0	--	—
Money Fd (A&B) Mar 12	136.0	143.5	-	—
Cap Fd (A&B) Mar 15		355.0	--	—
G.S. Spec. Fd (A&B) Mar 15		149.0	--	—
Far East Eqty (A&B) Mar 12	132.0	139.0	--	—
N Amer Eqty (A&B) Mar 12	123.5	130.0		—
Int Technlgy (A&B) Mar 12	108.5	114.5	-	—
Property (A&B) Mar 12	142.5	150.0	-	—

Credit & Commerce Life Ass. Ltd
74 Shepherds Bush Green, W12 8SD 01-740 7070

Life Funds

UK Equity	140.7	148.4	+0.5	—
American Equity	113.4	119.6		—
Far East Equity	116.5	122.9	--	—
Managed Fund Acc	348.0	367.0		—
International Equity	167.5	176.7	--	—
Gilt Edged	195.1	205.8	--	—
Money Fund	139.5	147.1	+0.1	—
CCL Henderson	142.1	149.9	--	—
CCL Perpetual	189.9	200.3	--	—
CCL Property	200.0	210.9	--	—
Smaller Cos.	234.9	247.8	--	—
Perpetual Eurogrowth	106.5	112.3	--	—

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV ..... $16.44 | −0.02

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd ..... $16.16 | +0.09
Inv. Adv.: M. & G. Inv. Mngt., Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech ..... $14.57 | −0.02
Dynamic Gwth Fd ..... $14.37 | −0.03

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund ..... $11.59 12.29 −0.06

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	12.35		—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.75	8.78	12.89	6mth
7-day Fnd	12.23	9.15	13.44	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11.83	8.84	12.94	6-Mth
7-day Fund	12.45	9.30	13.59	6-Mth
Dollar	6.46	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Cur Acc.	11.50	8.50	12.53	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc.	12.00	8.97	13.28	Qtr
Mth. Int. Chq.	12.00	8.97	13.30	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
HIBCA	12.60	9.42	14.05	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	11.00	8.22	12.20	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.50	8.50	12.54	Qtr
Britannia Investment Services Ltd. 74-78 Finsbury Pavement, EC2A 1JD. 01-588 2777				
Cater Allen	11.00	8.22	12.19	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	12.25	9.16	13.64	Mth
U S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-741 4941				
Money Market Plus	—	9.05	11.47	Mth
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.06	9.02	13.33	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE 0803 862271				
Money Mkt Acc.	12.00	8.97	13.24	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc.	11.50	8.59	12.78	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	11.00	8.22	12.20	Mth
Legal & General (Money Mngrs) Ltd 355 Euston Road, NW1 3AG 01-388 3211				
High Int Dep Acc.	12.04	9.00	13.14	6-mth
Lloyds Bank PLC 71 Lombard St, London EC3P 3BS 01-626 1500				
HighIntCheque Account	11.75	9.00	13.30	Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH 01-409 3434				
14-Day Notice	12.00	8.970	12.81	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A.	11.00	8.22	12.21	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8655				
High Int Chq Acc.	11.71	8.75	12.92	Qtr
£10,000 +	12.04	9.00	13.30	Qtr
Oppenheimer Money Mngmt Ltd 66 Cannon St, EC4N 6AE 01-236 1425				
Money Mngt. Acct.	12.00	8.97	—	3-Mth
Phillips & Drew Trust Ltd 120 Moorgate, London EC2M 6XP 01-628 9771				
High Int Chq Acc.	11.50	8.60	12.68	Qtr
Provincial Trust 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
High Int Chq Acc.	12.50	9.34	13.82	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	11.25	8.40	12.40	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H I B.A.	11.57	8.65	12.90	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol 0272 732241				
Demand Acc.	11.69	8.73	12.89	Qtr
Money Acc.	12.04	9.00	13.29	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	12.00	8.97	13.36	Mth
Over £10,000	12.25	9.16	13.64	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL 15E 0752 24141				
High Int Chq Acc	12.25	9.16	13.54	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yield % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‖ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk	35
BOC Grp	27	NEI	10
BSR	8	Nat West Bk	55
BTR	33	P & O Dfd	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	21
Beecham	30	Racal Elect	15
Blue Circle	50	RHM	12
Boots	24	Rank Org Ord	35
Bowaters	30	Reed Intnl	60
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	$3\frac{1}{2}$	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons	18	Turner Newall	$9\frac{1}{2}$
Comm Union	23	Unilever	90
Courtaulds	13	Vickers	35
Distillers	36	Wellcome	19
FNFC	12	**Property**	
Gen Accident	55	Brit Land	14
Gen Electric	14	Land Secs	26
Glaxo	100	MEPC	26
Grand Met	30	Peachey	24
GUS 'A'	70	Samuel Props	15
Guardian	60	**Oils**	
GKN	20	Brit. Oil & Min	$3\frac{1}{2}$
Hanson Tst.	18	Brit Petroleum	45
Hawker Sidd.	36	Burmah Oil	27
ICI	42	Charterhall	4
'Imps'	16	Premier	5
Jaguar	27	Shell	95
Ladbroke	27	Tricentrol	18
Legal & Gen	60	Ultramar	18
Lex Service	24	**Mines**	
Lloyds Bank	35	Cons Gold	40
Lucas Inds	38	Lonrho	12
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

US ready to expand agricultural options

By Andrew Gowers in Chicago

US MARKET regulators are set to approve a significant expansion in the number of agricultural options contracts allowed to be traded on commodity exchanges.

At a meeting in Washington next Tuesday, the Commodity Futures Trading Commission, the official regulatory body for American markets, is expected to raise the maximum number of agricultural options contracts any exchange can offer from two to five.

This would be a boost for exchanges which already trade agricultural futures contracts, in which volume has in recent years been severely depressed by the large surpluses overhanging the markets and by the resulting constraint on price volatility. They include the Chicago Board of Trade, which currently offers options on soya bean and maize future, and the Chicago Mercantile Exchange, which has options on live cattle and live hog futures.

Attractive hedge

Exchange officials also believe a wider range of agricultural options would be an attractive hedging vehicle for farmers — perhaps more attractive than the futures contracts which already exist.

Trading in options on domestically produced farm products was banned by the US Congress in 1936 following vociferous complaints from farmers about trading abuses in the unregulated markets of the Great Depression. Options were further brought into dispute in the US during the 1970s by a series of scandals surrounding options on foreign futures contracts.

However, a gradual change of heart has been apparent over the last few years, as restrictions on non-agricultural options have also been progressively eased. Congress lifted the outright ban on agricultural options in 1982, and two years later a limited pilot programme involving two options per exchange was initiated.

The pilot programme has been a modest success. According to Mr John Gilmore, CBOT chairman, more than 840,000 soya bean options and 363,000 maize options were traded on the Board of Trade last year, with an average daily volume of 3,390 contracts for soya beans and 1,747 contracts for maize.

At the Mercantile Exchange, the live cattle option has been most successful, with volumes of 119,282 contracts in January and February of this year.

The exchanges—led by the Board of Trade—have recently been clamouring for an extension of the pilot programme. Mr Gilmore told a Congressional committee in February that he wants the programme—which is supposed to last for three years —made permanent, and all limits on the number of options per exchange to be lifted. In particular, the Board is eager to introduce options on wheat, soya bean meal and soya bean oil.

However, the CFTC has indicated that it would prefer to move in a more circumspect fashion.

Cautious start

"While it is understandable that the exchanges and some users may wrnt the number of these option products expanded, Congress clearly directed the Commission to proceed cautiously with both (the agricultural and non-agricultural) option programmes," said Ms Susan Phillips, the Commission chairman, at a futures industry conference early this month.

CFCT officials confirmed that an expansion from two to five contracts per exchange is the more likely decision next week.

The exchanges contend that the introduction of a wider range of options could increase their overall agricultural volume, which has lagged increasingly far behind the volume in financial futures since 1980. Agricultural futures contracts now account for less than a third of total trading volume on US exchanges.

The reason why options are though to be potentially more attractive to farmers than futures is that they are more flexible; the farmer pays a premium up front, but he is not "locked in" at a particular price, so if the market rises higher than the level set in his option contract, he can simply decide not to exercise it.

"There's a relatively large audience out there of farmers who don't use the futures markets but would be prepared to use options," said an official of the Mercantile Exchange.

A growth in options volume will thus not necessarily mean a drop in futures trading, say the exchanges; in fact, the opposite may be true, since market makers in options may use the futures market in order to hedge their risks.

European Parliament may stall farm price fixing

BY IVO DAWNAY IN BRUSSELS

THE EUROPEAN Parliament's fiercely conservative agriculture committee yesterday threw out the austerity prices package for 1986-87 proposed by the European Commission and instead called for changes that could add Ecu 1bn (£670m) to the farm budget.

But the move could backfire on the MEPs if it is rejected by the full Parliament in the debate on the Commission's Ecu 21m budget next month. Failure by Parliament to give its formal advice on the prices plan will force new talks with the Commission and the Council of farm ministers which could delay the price fixing process indefinitely.

Rejection of the Commission's scheme, which involves a broad freeze on prices and a 3 per cent producer tax on cereal farmers, came after the MEPs tabled 300 amendments to a report drawn up by Mr James Provan, a British Conservative MEP.

The original report accepted a large part of the Commission's arguments. But after the amendments were taken, the final resolution demanding wide-ranging changes in all key sectors, most of which would require substantially increased expenditure.

According to Mr Provan, who took the unusual step of abstaining in the final vote, the committee's demands could add a further Ecu 1bn to a farm budget already expected to fall short of requirements by some Ecu 2.5bn.

However, changes in the political complexion of the European Parliament, in part through the arrival of Spanish and Portuguese MEPs, could lead to the report's rejection. Last year, a plenary session of Parliament failed to approve a highly critical appraisal of the Commission's Green Paper on farm reform drawn up by the committee.

Mr Provan said last night that, should this also happen to the prices proposals, the Parliament would have to enter a *conciliation procedure* with the Council and Commission aimed at dovetailing strict budgetary restraints on farm spending with the Parliament's demands.

Such a development would inevitably delay the price fixing process leaving the Community's 12m farmers with no clear picture of likely market conditions. Even without the Parliament's objections, farm ministers appear widely divided over strategy for the new *marketing year*.

At their meeting next week, the ministers will make their first serious attempt to bridge a philosophical gap that has West Germany, at one extreme, seeking widespread improvements for farmers and the UK at the other, calling for firm price restraint.

There is no hope that the negotiations can be completed before April 1 when the new prices should come into force. In the absence of an agreement, Mr Gerrit Braks, the Dutch minister chairing the talks, will be forced to roll-over current provisions on a month-by-month *basis*.

The position is complicated still further by the requirement of finance ministers that they must first approve any spending above the Ecu 21bn budgetary ceiling.

The MEPs farm committee rejected many key aspects of the Commission's prices plan including the principal of a general price freeze. It also called for a small rise in cereals prices and a substantial increase in the tonnages of cereals allowed to individual farmers before the producer levy would come into force.

It also rejected the tax on milk output, changes in intervention prices for dairy products and added for a call for less stringent controls on beef *producers. Above all, the com*mittee demanded formal measures to enhance cash grants available to smaller farmers.

Indian tea industry hits at export policy

BY P. C. MAHANTI IN CALCUTTA

INDIA'S TEA exports in 1985 totalled 222m kilos, according to the industry's final estimate, surpassing the year's target by 2m kilos. But a sense of achievement is tinged with concern that nearly half the quantity went to Russia and there was a disturbing decline to all the major traditional markets which provide free foreign exchange.

This "skewed" pattern of export trade was, according to Mr D. Atal, vice chairman of the Indian Tea Association, the result of the Government's stop-go tea export policy under which an unrealistic minimum export price (MEP) was not removed until it was too late. The Russian buying was obviously influenced by the fact that Indian auction prices kept falling as exports to the traditional markets did not move most of the time the MEP was in force.

Consequently Russian buying during the year totalled a record 104m kilos compared with only 74.25m in 1984. On the other hand exports to the UK fell by nearly 8m kilos to 30.8m; to West Germany by nearly 2m to 3.5m; to Iran by more than 4m to 19m; and to Iraq by 4m to 8.8m. And this was the case with all other Middle Eastern countries.

At a little over 2m kilos sales to the US market were down 1m kilos.

Mr Atal is of the view that India could have exported at least 2m kilos more had the official party — ..:; etaoin nu official policy not interfered with ...the ...export effort so blatantly. A good opportunity to enhance India's share of the world market was evidently lost, he claims.

The Annual Tea Marketing Plan which lays down the broad export target and quotas for each grade of tea, orthodox as well as CTC, and for both the Northern and Southern regions has not been announced so far.

ITC expected to scrap export controls

By Stefan Wagstyl

THE INTERNATIONAL Tin Council was yesterday expected to abandon the last vestige of its power over the tin market by scrapping the export controls it imposed in producing countries.

The decision, which would take effect at the end of the month, lifts the 60 per cent prodeation would limit which have been in force since 1982 on producer members

The 22 member governments have yet to decide what role, if any, the council is to play for the remainder of the current (Sixth) International Tin Agreement which expires in mid-1987. The council's demise comes after it defaulted in October on the debts it built up with banks and metal brokers trying to support tin

Tin prices yesterday fell to a new 10-year low of £3,650 to £3,750 a tonne, compared with prices of over £8,500 a tonne when the ITC's buffer stock manager was in the market.

Bolivia's own tin crisis

BY MARY HELEN SPOONER

LAST YEAR may have been the worst ever for the Bolivian mining industry, capping a downward spiral which began in the late 1970s, when Bolivia began sliding in the world tin production league from number three to the uneasy fifth position it holds today. Officials in La Paz are still awaiting the eventual outcome of the international tin crisis before determining specific actions. But privately they admit that several of the biggest tin mines run by the state mining corporation (Comibol) will have to close.

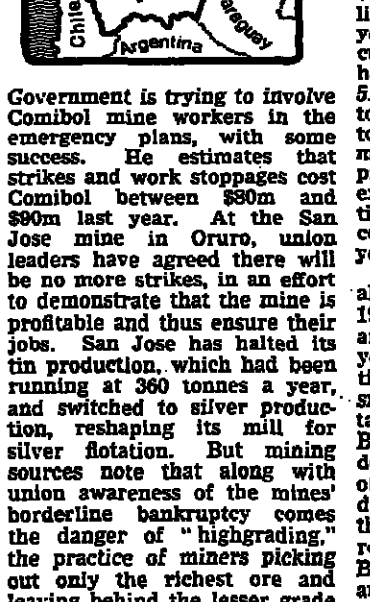
For the past five years Comibol's tin production has declined steadily, each year falling considerably below projected levels. In 1981 the corporation produced 18,586 tonnes of tin, a figure which shrank each year to the 12,531 tonnes reported in 1984. Official production figures for last year have yet to be announced, but are thought to be below even the 1984 level.

Prior to the tin crisis President Victor Paz Estenssoro's Government had drawn up a plan to decentralise Comibol, whose annual losses have been running at $200m a year and which has not issued an annual report since 1977. The plan involved dividing the corporation into four holding companies covering mining operations in northern, southern, eastern and western Bolivia plus an administrative office in La Paz. This reorganisation project has been delayed as mining officials attempt to implement short-term emergency measures to cope with the collapse in the price of tin, which accounts for 70 per cent of all Bolivian minerals production.

Of Comibol's 21 mining divisions, only one, the Huanuni mine complex near Oruro is operating in the black. Huanuni, where annual fine tin production hovers between 3,000 and 3,500 tonnes, contains a thick, easily located mineral vein allowing miners to hand pick much of the ore. According to private mining experts in La Paz, Huanuni needs to install a modern milling operation to remain profitable, which would involve an investment of at least $1m—at a time when Comibol's financial situation could scarcely be poorer.

Comibol's Colquiri and Viloco complexes, with a combined annual production of 1,600 tonnes, are also considered potentially viable if their mills could be upgraded. Most Comibol milling equipment dates back to the 1930s and 1940s, when tin grades were significantly higher, and at present are only able to recover 50 to 55 per cent of tin from the ore.

Bolivian Mines Minister, Mr Jaime Villalobos, said the



Government is trying to involve Comibol mine workers in the emergency plans, with some success. He estimates that strikes and work stoppages cost Comibol between $80m and $90m last year. At the San Jose mine in Oruro, union leaders have agreed there will be no more strikes, in an effort to demonstrate that the mine is profitable and thus ensure their jobs. San Jose has halted its tin production, which had been running at 360 tonnes a year, and switched to silver production, reshaping its mill for silver flotation. But mining sources note that along with union awareness of the miners' borderline bankruptcy comes the danger of "highgrading," the practice of miners picking out only the richest ore and leaving behind the lesser grade mineral. Highgrading, according to mining experts, eventually ruin's a mine's milling operations when only the low grade ore is left, and shortens a mine's life.

Comibol's second largest mine, the Catavi-Siglo Veinte complex south east of La Paz, is facing almost certain closure. The mine, which produces roughly 2,000 tonnes of fine tin annually, has been losing around $2m a month. Mr Villalobos calculates Catavi-Siglo Veinte would need not only massive reorgansiation but an average international tin price of $6 a pound, or about £9,300 a tonne — far above the current price — of £4,000 a tonne in Europe. The closure of Catavi-Siglo Veinte poses considerable political and social problems for the Paz Estenssoro government, because some 60,000 people, including mine workers and their families, live in the area, and are almost entirely dependent on the mine.

The Bolivian mining industry's best hope seems to lie in the move towards the production of other minerals, especially by private mining companies who produce roughly half of the country's antimony, lead and tungsten. But the private companies, who once accounted for 23 per cent of all tin production, are either scaling down or halting their tin operations.

One promising area is Bolivia's Uyuni salt flats, located in the south western section of the country. The Government plans to open private bidding for a joint-venture lithium operation later this year. Preliminary reserves calculations show that the area has an estimated volume of 5.5m tonnes of lithium, 110m tonnes of potassium and 3.2m tonnes of boron. Once an agreement has been reached with a private company for joint exploitation Bolivian authorities estimate that production could begin in six or seven years.

Bolivia also contains rich alluvial gold deposits, and in 1984 exported the first gold bars and non-refined fine gold in 10 years. The bulk of gold operations, mostly in Comibol and small mining co-operatives, is taking place in north eastern Bolivia near the Brazilian border and in areas directly north of La Paz. Last year's gold production was slightly lower than the 1.27m fine grams officially recorded in 1984, and both Bolivian Mines Ministry officials and private mining companies estimate that actual production may be as much as five times higher, with the unrecorded production going to contraband. Bolivian gold producers had been obliged by law to sell all their gold production to the state mining bank, Bamin. This situation, along with Bamin's liquidity problems and Bolivia's loosely guarded borders, encouraged smuggling. A "gold law" has been presented to the Bolivian Congress in an effort to normalise gold mining in the country.

LONDON MARKETS

STERLING's firmness was the chief factor on the London commodities scene yesterday. Together with a weak tone in New York it was mainly responsible for coffee's £44 decline in the May position to £2,448.50 a tonne after another volatile day's trading. And it was also quoted as being largely responsible for cash high grade copper falling £14.50 to £983.50 on the London Metal Exchange. *Copper had been lower during the day but staged a modest rally in line with the performance of the New York market.* After holding steady early on the cocoa market slipped back to end a few pounds down on the day. Sterling was a factor once again while producer sales were also weighing on the market. Sugar futures moved around $3 lower as the market reacted against Tuesday's rise.

LME prices supplied by *Amalgamated Metal Trading.*

ALUMINIUM

[illegible]

COPPER

[illegible]

LEAD

[illegible]

NICKEL

[illegible]

TIN

KUALA LUMPUR TIN MARKET—Close 16.40 ringgit per kg. up 00.00 ringgit.

ZINC

[illegible]

GOLD

Gold fell $2¾ to $347¾-348 on the London bullion market yesterday. It opened at $348¾-349¼ and was fixed at $349¼ in the morning, and $348½ in the afternoon. The metal touched a peak of $349¾-350¼, and a low of $346-346½ in the afternoon. New York showed signs of weakness.

GOLD BULLION (fine ounce) Mar. 19

[illegible]

GOLD AND PLATINUM COINS

[illegible]

SILVER

Silver was fixed 6.7p an ounce lower for spot delivery in the London bullion market yesterday at 385.65p. US cent equivalents of the fixing levels were: spot 569.1c, down 6.1c; three-month 579.5c, down 6.25c; six-month 590.1c, down 6.5c; and 12-month 611.25c, down 6.9c. The metal opened at 385½-387½p (569-571c) and closed at 384-385½p (567-569c).

[illegible]

RUBBER

PHYSICALS — The London market opened slightly easier and found no interest throughout the day, reports Lewis and Peat. Closing prices (buyers): Spot 59.50p (60.00p); April 58.25p (57.75p); May 58.75p (58.25p). The Kuala Lumpur fob price (Malaysia/Singapore cents per kg): RSS No 1 was 194.5 (194.0) and for SMR 20 189.0 (191.0).

INDICES

FINANCIAL TIMES

Mar. 18	Mar. 17	M'th ago	Year ago
—	—	—	300.64

(Base: July 1 1952=100)

REUTERS

Mar. 19	Mar. 18	M'th ago	Year ago
1801.5	1806.8	1842.4	1998.4

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Mar. 17	Mar. 14	Month ago	Year ago
Spot	121.40	120.87	—	117.01
Fut.	133.95	134.40	—	121.18

(Base: December 31 1931=100)

* Not available due to suspension of tin LME

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

[illegible]

MEAT

Pigmeat prices were unchanged despite weaker physicals. Beef prices continued to be technically squeezed, reports Eastern Capital-CSCT.

[illegible]

COCOA

Futures were locked in a £20 range and traded fitfully to close marginally lower. Producers made scale-up sales from consumers, reports Gill and Duffus.

[illegible]

COFFEE

After trading £40 lower the market quickly recovered on short-covering, reports Drexel Burnham Lambert. In the afternoon the New York market dominated activity in London and after early strength prices closed near the lows. Physical market activity was light.

[illegible]

SOYABEAN MEAL

A bearish US planting report kept prices on the defensive. Heavy commercial selling found only scattered buying in the form of local short-covering and light consumer buying, reports Muirpace.

[illegible]

GRAINS

Shipper selling depressed old crop wheat values, but new crop prices rallied on merchant and consumer support. Barley was dull but steady on short-covering. New crop traded on stop-loss buying before easing on keen trade selling, reports T. G. Roddick.

[illegible]

FREIGHT FUTURES

[illegible]

SUGAR

LONDON DAILY PRICE—Raw sugar $176.00 (£119.00), up $2.00 (unchanged) a tonne for March-May delivery. White sugar $200.50, up $6c.

A technical reaction developed in the wake of the commission house profit-taking, reports C. Czarnikow.

[illegible]

US MARKETS

PRECIOUS METALS were generally steady awaiting the outcome of the Opec meeting, reports Heinold Commodities. Copper and aluminium firmed on speculative buying linked to low stock levels. The sugar market showed scattered losses as trade selling emerged. Slack physical inquiry weakened cocoa values. Coffee remained steady on light roaster interest but fresh news was generally lacking. Cotton weakened on speculative long liquidation linked to the larger than expected estimate of US plantings. The energy complex lost ground on commission house selling. The grain complex traded mixed with maize under pressure on the higher than expected US prospective plantings report. Soyabeans weakened on better cash movement

NEW YORK

[illegible]

CHICAGO

[illegible]

SPOT PRICES

SPOT PRICES—Chicago loose lard 12.00 (same) cents per pound. Handy and Harman silver bullion 572.0 (577.0) cents per troy ounce.

POTATOES

The market opened unchanged before quickly rallying. The April rally was unconvincing with persistent selling interest emerging just above £99.00, and by the close all the gains had been eroded. May remained solidly supported, finding good buying interest on small dips, reports Coley and Harper.

[illegible]

OIL

Heavy fuel oil prices rose as traders came on to the market to cover earlier sales. Naphtha fluctuated, ending with low offers from chemical companies. Brent and WTI prices fluctuated with each new rumour from Opec. At 1.30 pm EST Nymex closed $2c down for April—Petroleum Argus, London.

SPOT PRICES

[illegible]

GAS OIL FUTURES

[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and sterling improve

The dollar and sterling showed no adverse reaction to a disappointing figure on US fourth quarter gross national product and the cut of 1 percentage point in UK clearing bank base rates.

Both currencies were very firm, as attention focused on central bank policy towards the dollar, and news that delegates at the Geneve meeting of the Organisation of Petroleum Exporting Countries were studying options for cutting oil production.

Dealers fear that central banks representing the Group of Five major industrial countries may intervene if further downward pressure is put on the dollar, even though it is believed the Reagan Administration wishes to see a further decline in the value of the US currency. At the same time speculation that Opec may reverse the downward trend in oil prices appeared to limit the opportunity for lower US interest rates, and lent support to the dollar. These factors outweighed the unexpected downward revision to 0.7 per cent growth from 1.2 per cent in the US fourth quarter GNP. Little change in the figure had been forecast.

The dollar rose to DM 2.2615 from DM 2.2490; FFr 6.9550 from FFr 6.9150; SFr 1.8955 from SFr 1.8835; and Y176.95 from Y175. On Bank of England figures the dollar's index rose to 117.2 from 116.7.

STERLING — Trading range against the dollar in 1985-86 is 1.490 to 1.0525. February average 1.4297. Exchange rate index rose 0.5 to 7.48, compared with 81.8 six months ago.

Sterling gained ¼ cent to $1.4795-1.4805, closing near its peak against the dollar, and also rising to DM 3.3475 from DM 3.3225; FFr 10.2925 from FFr 10.2175; SFr 2.8050 from SFr 2.7825; and Y262 from Y258.20. The cut in bank base rates was widely expected, having little impact, while news fru mthe Opec meeting led to hopes of improving revenue for Britain from North Sea il.

D-MARK — Trading range against the dollar in 1985-86 is 3.4510 to 2.1990. February average 2.3310. Exchange rate index 134.1 against 124.8 six months ago.

The D-mark lost ground to the dollar in Frankfurt, but trading was quiet, with dealers reluctant to take out new positions, in the absence of market affecting news. The release of revised US GNP data had little impact, with dealers turning their attention to political factors, and the belief that the Reagan Administration in Washington wishes to see a further depreciation of the dollar. Rumours of further cuts in official interest rates subsided, and no change is expected in leading German interest rates at today's Bundesbank council meeting. The Bundesbank did not intervene when the dollar was fixed at DM 2.2609 in Frankfurt, compared with DM 2.2461 on Tuesday. At the Frankfurt close the dollar had improved to DM 2.26 from DM 2.2450.

JAPANESE YEN — Trading range against the dollar in 1985-86 is 263.15 to 175.00. February average 184.545. Exchange rate index 194.4 against 157.2 six months ago.

The yen weakened against the dollar on short covering in Tokyo, after Bank of Japan appeared to intervene to support the US currency. Rumours began in New York overnight that the Japanese central bank was intervening, and the dollar finished well above its lows.

£ IN NEW YORK

Close	Mar. 19	Prev. close
£ Spot	$1.4815-1.4825	$1.4755-1.4765
1 month	0.55-0.52pm	0.55-0.54pm
3 months	1.50-1.47pm	1.49-1.47pm
12 months	4.55-4.45pm	4.55-4.45pm

Forward premiums and discounts apply to the US dollar.

POUND SPOT—FORWARD AGAINST POUND

March 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4715-1.4810	1.4795-1.4805	0.49-0.47c pm	3.89	1.43-1.38 pm	3.80
Canada	2.0445-2.0660	2.0530-2.0560	0.01c pm-0.12dis	−0.32	0.57-0.42 pm	0.96
Nethlnd.	3.74½-3.78	3.77-3.78	2-1¾c pm	5.87	5½-5¼ pm	5.78
Belgium	68.10-68.50	68.40-68.50	9c pm-4 dis	−0.44	31-17 pm	1.41
Denmark	12.28-12.35¼	12.32¼-12.33¼	3⅛-2⅛ore pm	−3.29	11⅜-10¼ pm	3.53
Ireland	1.0990-1.1070	1.1058-1.1068	0.35-0.50p dis	−4.61	0.50-0.80dis	−2.35

CURRENCY MOVEMENTS

Mar. 19	Bank of England Index	Morgan Guaranty Change %
Sterling	74.8	N/A
U.S. dollar	117.2	N/A
Canadian dollar	78.6	N/A
Austrian schilling	135.5	N/A
Belgian franc	94.3	N/A
Danish Kroner	85.5	N/A

FINANCIAL FUTURES

Sterling prices up

Three-month sterling deposits and gilt prices were firmer in the London International Financial Futures Exchange yesterday. This followed comments by Mr Nigel Lawson, Chancellor of the Exchequer, intimating that further reductions in interest rates could be forthcoming before the autumn. Yesterday's one point cut in base rates did not have any immediate effect since prices had already discounted such a move.

The June contract opened at 89.38 up from 89.29 and progressed to a morning of 89.44 on steady buying. While not reacting to the base rate cut, sentiment remained bullish after yesterday's well received UK budget and sterling's better performance. Mr Lawson's comments about interest rates prompted near panic buying during the afternoon and the price rose to finish at 89.78. In addition hopes of an Opec agreement of lower oil production helped encourage hopes of some price stability in the oil market.

Gilt prices were also buoyed by hopes of lower interest rates and after opening at 121-05 up from 120-10 on Tuesday, the June price rose on short covering and later on a stronger pound and general satisfaction with the Budget. It closed at 123-18 after a high of 123-20.

US Treasury bonds opened at 95-29 for June delivery and reached 96-02

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
116	8.11	9.42	—	—	0.39	1.46	—	—
118	6.36	8.16	—	—	1.00	2.20	—	—
120	6.09	6.62	—	—	1.37	3.02	—	—
122	3.67	5.52	—	—	2.21	3.58	—	—
124	2.56	4.50	—	—	3.19	4.54	—	—

Estimated volume total, Calls 2,494, Puts 312
Previous day's open int. Calls 3,814, Puts 462

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
92	6.03	6.08	—	—	0.59	2.42	—	—
94	3.43	4.63	—	—	1.35	3.33	—	—
96	2.36	3.63	—	—	2.28	4.33	—	—
98	1.44	3.09	—	—	3.36	5.43	—	—
100	1.04	2.28	—	—	4.60	—	—	—

Estimated volume total, Calls 30, Puts 25
Previous day's open int. Calls 207, Puts 31

LIFFE £/$ OPTIONS

LONDON SE £/$ OPTIONS

PHILADELPHIA SE £/$ OPTIONS

LIFFE—EURODOLLAR OPTIONS

CHICAGO

LONDON

CURRENCY FUTURES

CURRENCY RATES

OTHER CURRENCIES

STERLING INDEX

DOLLAR SPOT—FORWARD AGAINST DOLLAR

EXCHANGE CROSS RATES

EURO-CURRENCY INTEREST RATES

Long-term Eurodollars: two years 7⅝-7⅞ per cent; three years 7¾-8 per cent; four years 8-8¼ per cent; five years 8⅛-8⅜ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EMS EUROPEAN CURRENCY UNIT RATES

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

MONEY MARKETS

UK base rates cut to 11½ per cent

Clearing bank base rates were cut by one percentage point to 11½ per cent yesterday, following a similar reduction in the Bank of England's dealing rates. The move had been much in line with market expectations and comments by Mr Nigel Lawson, Chancellor of the Exchequer, gave the market hope that a further reduction may be forthcoming.

Three-month interbank money was quoted at 11⅝-11½ per cent down from 11⅝-11¾ per cent while the one-year rate slipped to 10⅞-10¾ per cent from 10⅞-11 per cent. Overnight money traded between a high of 12¼ per cent and a low of 10 per cent.

The Bank of England forecast a shortage of around £1,050m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £501m and the unwinding of previous sale and repurchase agreements a further £801m. There was also a rise in the note circulation of £105m and banks brought forward balances £30m below target. These were partly offset by Exchequer transactions which added £395m.

To help alleviate the shortage the Bank offered an early round of assistance and this totalled £516m and comprised purchases of £3m of eligible bank bills in band 1 at 11⅝ per cent, £486m in band 2 at 11$\frac{9}{16}$ per cent; £21m in band 3 at 11½ per cent and £6m in band 4 at 11$\frac{7}{16}$ per cent. The forecast was revised to a shortage of around £1,100m before taking into account the early help and the Bank gave additional assistance in the morning of £606m. This comprised purchases of £29m of eligible bank bills in band 1 at 11⅝ per cent, £439m in band 2 at 11$\frac{9}{16}$ per cent and £138m in band 3 at 11½ per cent.

The forecast was revised once more, this time to a shortage of around £1,150m and the bank did not intervene. Late assistance came to £100m, making a total of £1,222m.

In Frankfurt call money was quoted at 4.6-4.7 per cent as commercial banks received funds through the latest Bundesbank sale and repurchase facility. This added a net DM 2.8bn of liquidity after maturing agreements of DM 6.6bn. The Bundesbank announced that there would be no press conference after today's meeting of the central council, adding further weight to a general feeling in the market that interest rates would be left unchanged.

UK clearing banks base lending rate 12½ per cent since January 9

NEW YORK RATES

(Lunchtime)

Prime rate	9
Broker loan rate	8¾-8½
Fed funds	7⅞
Fed funds at intervention	—
Treasury Bills & Bonds	
One month	6.43
Two month	6.52
Three month	6.73
Six month	6.89
One year	7.00
Two year	7.23
Three year	7.28
Four year	7.41
Five year	7.48
Seven year	7.71
10 year	7.81
30 year	7.99

FT LONDON INTERBANK FIXING

(11.00 a.m. March 19) Three months US dollars		Six months US dollars	
bid 7 7/16	offer 7 9/16	bid 7 5/8	offer 7 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Mar. 19	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10-12¼	11¾-12	11¾-11⅞	11⅝-11⅝	10⅞-11¼	10⅞-10⅞
Sterling CDs	—	—	12$\frac{1}{16}$-12$\frac{1}{16}$	11$\frac{5}{16}$-11½	10¾-10⅞	10$\frac{9}{16}$-10¼
Local Authority Depos	11⅝-12	11¾-11⅞	11$\frac{13}{16}$	11⅝	10⅞	10⅝
Local Authority Bonds	—	—	12	11¾	11¼	11
Discount Mkt Depos.	10-12	11½	11½	11	—	—
Company Depos.	11⅞-12	12	12	11¾	—	—
Finance House Depos	—	—	11¾-11⅞	11⅝-11½	10¾-10$\frac{1}{16}$	10⅝-10$\frac{11}{16}$
Treasury Bills (Buy)	—	—	11⅝	11$\frac{7}{16}$	—	—
Bank Bills (Buy)	—	—	11⅝	11$\frac{7}{16}$	10⅞	—
Fine Trade Bills (Buy)	—	—	12	11½	11⅛	—
Dollar CDs	—	—	7.35-7.40	7.25-7.30	7.25-7.30	7.3-7.35
SDR Linked Depos.	—	—	7⅛-7¾	7⅝-7⅝	7$\frac{5}{16}$-7½	7$\frac{5}{16}$-7$\frac{9}{16}$
ECU Depos.	—	—	9$\frac{5}{16}$-9$\frac{1}{16}$	9-9⅛	8$\frac{7}{16}$-8$\frac{9}{16}$	8⅛-8¼

Treasury Bills (sell): one-month 11$\frac{5}{16}$ per cent; three-months 11¼ per cent. Bank Bills (sell): one-month 11$\frac{5}{16}$ per cent; three-months 11¼ per cent. Treasury Bills: Average tender rate at discount 11.1596 per cent. ECGD Fixed Finance Scheme IV reference date February 5 to March 4 (inclusive). 12.654 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 13 per cent from March 1 1986. Bank Deposit Rate for sums at seven days' notice 6⅛-6 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one months 12 per cent; one-three months 11½ per cent; three-six months 11½ per cent; six-nine months 11 per cent; nine-12 months 11 per cent. Under £100,000 11 per cent from March 19. Deposits held under Series 5 11 per cent. Deposits withdrawn for cash 7 per cent.

MONEY RATES

March 19	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard Int'v'tn
Frankfurt	4.6-4.7	4.50-4.65	4.40-4.55	4.40-4.55	4.35-4.50	5.5

Company Notices

De Beers Consolidated Mines Limited

Incorporated in the Republic of South Africa
Company Registration No. 11/00007/06

NOTICE TO HOLDERS OF DEFERRED SHARE WARRANTS TO BEARER

PAYMENT OF COUPON No. 76

For and on behalf of ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED London Secretaries J. B. Kettel

London Office: 40 Holborn Viaduct London EC1P 1AJ

21st March, 1986

LONDON SHARE SERVICE

BRITISH FUNDS

1985/86 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99	96¼	Treas. 10pcCnv 1986	99xd	.....	3.04	11.34
98	92¾	Treas 3pc 1986	98	+	10.52	11.62
100	97½	Exch. 10½pc 1986	99	+	12.00	12.56
101⅞	99¾	Treas 12pc 1986	100	+	8.55	11.38
99⅞	94½	Treas 8½pc 1984-86‡‡	99⅝	+¼	13.74	10.65
105	100½	Exch. 14pc 1986	101⅞	+	2.60	8.70
96	87¼	Exch. 2½pc 1986	96	+¼	12.95	10.25
104	100⅛	Exch. 13¼pc 1987	102	+¼	12.98	10.56
99	96⅝	Treas 10½pcCv '87	99	+	10.36	10.28
94¼	85½	Exch 2½pc 1987	94⅝	+⅛	2.64	8.60
100⅛	96¼	Exch. 10½pc 1987	100½xd	+¼	10.46	10.14
96	89	Funding 6½pc '85-87‡‡	96⅛	+¼	6.74	10.01
99	95½	Treas. 10pc 1987	99	+	10.03	10.23
93	84¾	Treas 3pc 1987	93¼	+⅛	3.22	8.51
102	99⅝	Treas. 12pc 1987	102	+	11.72	10.34
96½	90¼	Treas 7¾pc 1985-88‡‡	96½	+½	8.03	9.84
100⅝	95⅛	Exch 10½pc '88	100⅝	+	10.43	10.16
99⅛	93⅛	Treas 9¾pc Cv '88	99⅛	+	9.84	10.17
89½	80	Transport 3pc '78-88	89½	+¼	3.35	8.13
98¾	91½	Treas 9½pc '88	98¾xd	+	9.62	10.08
103	97½	Treas 11½pc 1989	103	+	11.06	9.91
99½	90⅛	Treas 9½pc Cnv. '89	99½xd	+	9.55	9.71
86	79	Treas 3pc 1989	86	+¼	3.49	8.12
101⅛	94	Treas 10½pc 1989	101⅛	+½	10.36	9.98
100⅛	92	Exch 10pc 1989	100⅛	+⅛	9.99	9.96
103⅛	95	Exch 11pc 1989	103⅛xd	+⅛	10.67	9.91
88⅝	79	Treas 5pc 1986-89	88⅝xd	+⅞	5.64	8.79
104	95	Exch 10¼pcCv '89	104	+⅛	9.86	8.92
110⅛	103⅛	Treas 13pc 1990‡‡	110⅛	+⅛	11.78	9.68
104¼	96	Exch 11pc 1990‡‡	104¼	+⅛	10.55	9.65
109¼	100¼	Exch. 12½pc 1990	109¼xd	+⅛	11.44	9.66
82	75¼	Treas. 3pc 1990	82	.....	3.66	8.22
95	87¼	Treas 8¼pc 1987-90‡‡	95	+½	8.60	9.71
101⅛	91⅞	Treas. 10pcCv 1990	101⅛xd	+⅞	9.86	9.63
79¼	76¾	Exch 2½pc 1990	79¼	+½	3.15	7.89

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

1985/86 High	Low	Stock	Price £	+ or –
21⅛	11⅞	Brunswick	21⅛	+¼
44¼	29⅛	CPC Intnl 25c	43⅛	–⅞
25⅛	16⅛	CSX Corp U.S.$1.00	24⅛	..
23¼	11⅞	CalFed Inc $1.00	21⅛	–⅛
38½	25	Campbell Soup 30c	35¼	–⅛
36	23⅛	Caterpillar Tractor	35⅛	+1⅛
902p	335p	Cenergy Corp. 25c	347p	–2
54⅝	25½	Chase M'htn $12.5	30¼	–½
38¼	23⅞	Chemical New York	34½xd	–½
34½	22	Chesebrough-Pond's $1	29½	–⅛
28⅛	16¼	Chrysler $6¼	28½xd	+⅞
42¾	27⅞	Citicorp $4	39⅞	+⅞
10½	662p	CityFed Fin. Corp.	889p	+1
25	18⅛	Colgate-P. $1	24⅛	+¼
57⅛	41	Colt Inds. $1	48½xd	–⅛
32½	19⅛	Con. Freightways $0.625	32½	+⅛
819p	460p	Contl Illinois Corp $1	626p	–5
155p	40p	Cont Illinois Hldgs $1	51p	..
238p	39p	♥Corporate Data Scnce.	52p	–1
36¼	25¼	Crown Zell $5	30¼	–⅝
44¾	897p	Cullinet Sftwr $0.1	897p	–2
504p	141p	Damson Oil 40c	152p	–4
29	15⅞	Dana Corp. $1	22⅛	–½
67	22⅛	Data General	27¼	+⅞
77p	15½p	♥Denna-Lock Medic!	20p	–2
75	49⅞	Dun & Bradstreet $1	73⅛	–1⅞
55½	36½	Eaton Corpn. 50c	49⅞	–1⅞
46½	34	♥Exxon‡	37½	–½
21¼	12⅛	FPL Group $0.01	20	–⅛
17¼	986p	Fairmont Fin.	16¼	–⅝
11½	374p	Fin Corpn Amer. 50c	10⅛	–¼
23¾	14⅛	First Chicago $5	21	–¼
50⅛	12⅝	Ford Motor $2	49⅝	+⅛
33¼	20	GATX 62½c	27⅝	–¼
60⅛	39⅛	Gen. Elect. $1⅛	53	+¼
58½	41⅛	Gillette $1	58½	+⅛
19¾	10⅛	Gt Am First Svgs Bk $1	16¾	–⅛

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

هكذا من الأصل

هكذا منه الأصل

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ⊕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ¶ *Price at time of suspension.*
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover or earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	105		Fin 13% 97/02	£119	+¼
Craig & Rose £1	£13½	−½	Arnotts	320	
Finlay Pkg 5p	47		CPI Hldgs.	57	
Holt (Jos.) 25p	745		Carrol Inds.	172	
IoM Stm. £1	75		Dublin Gas	58	+2
			Hall (R. & H.)	72	
IRISH			Heiton Hldgs.	31	
Fund 11¼% 1988	£100		Irish Ropes	60	+5
Nat. 9¾% 84/89	£98	+⅛	Unidare	160xd	

"Recent Issues" and "Rights" Page 42
(International Edition Page 36)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
Mar 10	Mar 26	Mar 27	Apr 7
Apr 1	Apr 10	Apr 11	Apr 21
Apr 14	Apr 24	Apr 25	May 6

* "New-time" dealings may take place from 9.30 am two business days earlier.

Budget euphoria raises Gilts £2½

Equities also rise strongly

Domestic and overseas investors gave the Chancellor's Budget proposals a big vote of confidence yesterday. The response was quite euphoric in the Gilt-edged sector where business ceased earlier on Tuesday than in the equity market which continued to trade after Mr Lawson's speech. Government bonds began with a flourish helped by the Bank of England's early signal approving lower bank base rates. It cut money market dealing rates by a full one percentage point and the clearing banks soon announced similar reductions in lending rates to 11½ per cent. Later, the two largest Building Societies fell into line by lowering mortgage rates.

Official supplies of the £25-paid long tap stock were exhausted quickly, the Government broker selling the remainder of the £1bn issue of Conversion 9 per cent 2000 "A" at a price of 26½. This was ½ higher than the last previous trade on Tuesday afternoon of 25½. Unfettered from Government funding, the bond market staged an explosive advance. Profit-taking was encountered at various intervals and had little impact because the sales were absorbed by eager buyers. Dealers were hoping for a respite towards the official 3.30 pm close but it was not forthcoming. Further aggressive support in the after-hours' business took prices higher still to leave longer-dated Gilts showing rises of 2½ points on the session.

Adjusting to a new yield structure, shorter maturities recorded large gains stretching to a point in the late trade. All conventional issues prospered at the expense of index-linked stocks which continued to fall from grace reflecting the renewed optimism about UK inflation.

An hour before the official opening of the equity market, investors were clamouring to buy almost every class of share. The exceptions were international issues, business in which was stifled by the 5 per cent ADR tax and fears that it could frighten off foreign investors. Life Insurances were also out of favour, being affected by the strong possibility of competition from the proposed new schemes to extend share ownership.

Blue Chip issues laboured to maintain the early heady pace and drifted back from their higher starting levels before turning up again late. This followed another bright start on Wall Street which eventually encouraged revived demand for selected stocks. After easing away from its enhanced early morning level, the FT Ordinary share index moved late to the day's highest to close 14.9 higher for a two-day advance of nearly 32 points to a record 1389.5. The FT-SE 100 share index ended 15.4 up at 1659.8.

The banking sector advanced strongly on further consideration of the Budget and yesterday's move towards cheaper credit. The clearers were again in the vanguard of the advance as they continued to reflect relief that a special windfall *profits tax had not been imposed.* Stock shortages once more accentuated price improvements and NatWest ended the session a further 33 higher at a new peak of 888p—the shares have now risen 161 in eight trading sessions. Lloyds closed 23 to the good at 633p, while Barclays, the first to announce a 1 point cut in its lending rate to 11½ per cent yesterday, finished 10 dearer at 555p, after 565p. Midland recovered from an *initial easier level of 490p* to close 5 better on balance at 505p. Bank of Scotland, at 440p and Royal Bank of Scotland at 340p, jumped 20 and 24 respectively in sympathy. Discount Houses warmed to lower interest rates and Cater Allen finished 32 to the good at 562p. Union, additionally aided by the chairman's bullish remarks at the AGM, put on 27 at 730p, while King and Shaxson rose 10 at 188p. Hire Purchases, also major *beneficiaries of cheaper* credit costs, closed higher throughout. First National Finance Corporation firmed 10 to 193p and Provident Financials put on 15 at 395p. Elsewhere, merchant banks also performed well, with Schroders ½ up at £14⅛ in anticipation of today's results.

Competition fears in the wake of the Government's move to encourage investment in UK equities via a Personal Equity Plan left Life Insurances lower throughout the list. Legal and General dropped 24 more to 788p and Prudential relinquished 15 afresh to 203p. Equity and Law gave up 15 at 263p and Abbey Life lost 4 at 203p, after 199p. Sun Life declined 33 to 880p, but Refuge rallied following the annual results to close unaltered at 438p, after 428p.

Welcome, a rising market recently reflecting encouraging reports about its research into the treatment of AIDS, encountered profit-taking and settled 11 lower at 222p.

The drinks sector continued to celebrate the Chancellor's unexpected lenient treatment in impressive fashion. Quotations were marked sharply higher from the outset, and apart from a slight midday pause, made further progress throughout. Bass were again to the fore and advanced 30 for a two-day gain of 64 to 785p. Grand Metropolitan improved 14 more to 400p, while double-figure rises were also noted for Scottish and Newcastle, 218p, and Whitbread A, 300p. Among Regionals, Vaux featured with an advance of 13 to 400p, but other counters traded in more subdued mood than on Tuesday.

Buildings gave another outstanding performance following the Building Societies' quick response to the base rate cuts. Housebuilders displayed good rises with Tarmac again in the forefront at 474p, up 22. Barratt Developments firmed 4 to 150p awaiting today's half-timer, while George Wimpey, additionally boosted by Press comment highlighting the group's trading prospects and bid possibilities, raced ahead to close 21 higher at 188p. C. H. Beazer gained 17 to 603p and John Laing rose 15 to 387p. Building material issues were by no means overshadowed. Blue Circle and RMC rose 14 apiece to 685p and 588p respectively, while Redland advanced 23 and 18 respectively. while Harris Queensway, aided by a bullish circular from brokers de Zoete and Bevan, closed 13 higher at 268p. Combined English advanced 14 to 212p ahead of next Tuesday's annual results. Mail-order attracted fresh demand ahead of the forthcoming dividend season. Grattan improved 8 to 442p, while Freemans finished 18 higher at 422p. Superdrug, preliminary results expected today, put on 15 more to 505p, while Bunhill advanced 23 to 445p.

conversion of UK shares into ADRS. Among other Chemicals, Rentokil slumped 18 to 155p following the annual results and news of the Monopolies Commission investigation into the pest control industry where it is estimated that the group has about 30 to 35 per cent of the market. In sharp contrast, USM-quoted Alida Holdings gained 30 to 450p in reply to the good annual figures accompanied by a £16.9m rights issue and proposed scrip issue.

Stores close at best

Hopes of a consumer spending boom in the wake of the Chancellor's proposals made for another buoyant showing by leading Retailers. Burton, 340p, and W. H. Smith A, 328p, advanced 23 and 18 respectively. while Harris Queensway, aided by a bullish circular from brokers de Zoete and Bevan, closed 13 higher at 268p. Combined English advanced 14 to 212p ahead of next Tuesday's annual results. Mail-order attracted fresh demand ahead of the forthcoming dividend season. Grattan improved 8 to 442p, while Freemans finished 18 higher at 422p. Superdrug, preliminary results expected today, put on 15 more to 505p, while Bunhill advanced 23 to 445p.

Shoes and Leather issues lacked a decided trend. Revived support was evident for Garnar Booth, 13 up at 205p, and Stylo, 9 better at 248p, but disappointing interim figures left Strong and Fisher 10 cheaper at 136p, after 132p.

Fears of a possible Government squeeze on defence spending unsetled defence stocks in the Electrical sector. Ferranti were sold down to 140p before closing 6 down on balance at 146p, while similar reactions were seen in GEC, at 198p, and Racal, at 196p. Plessey ended a couple of pence off at 226p, after 224p. Elsewhere, British Telecom relinquished a few pence at 219p, after 217p, but BICC found support at 343p, up 10. Dubilier provided a dull feature among secondary issues, falling 16 to 193p following a profits downgrading by stockbrokers de Zoete and Bevan. Logica, meanwhile, rose 8 to 190p, after 200p, following the interim profits upsurge and encouraging statement. Burgess Products attracted revived support and closed 14 better at 220p and MK put on 10 to 338p for the same reason.

Engineers son came back to life as buyers began to show selective interest. Among the leaders, gains of around 10 were recorded in GKN, 354p, Hawker, 591p, and Vickers, 448p. Elsewhere Glynwed were outstanding at 338p, up 11, while fresh support for Simon 6 to the good at 236p. Hall Engineering reflecting news that Regencrest has a 5.07 per cent stake in the company, advanced 8 more to 194p. Newman-Tonks rose 5 to 140p on the profits and dividend forecast which accompanied a rejection of the McKechnie bid.

Food Retailers made useful progress on consumer spending hopes. Tesco were well to the fore, at 347p, up 14, while Dee Corporation rose 13 to 288p. ASDA-MFI firmed 4 to 152p, J. Sainsbury gained 6 to 404p and Kwik Save put on 10 to 270p. Elsewhere, S. & W. Berisford hardened a penny more to 227p pending further developments in the potential bid situation. Ranks Hovis McDougall were actively traded amid speculation surrounding Berisford's near 15 per cent stake in the company and the close was 5 higher at 220p, after 222p. Tate and Lyle moved up 8 to 603p, while Fitch Lovell gained 10 to 290p as bid rumours revived.

Continuing hopes of a U.S. takeover prompted fresh support for Trusthouse Forte which gained 8 more to 204p. Ladbroke, a neglected market recently, revived strongly and closed 11 higher at 352p.

Beecham improve

Movements in the miscellaneous industrial leaders were usually confined to a few pence either way. Beecham closed 5 to the good at 360p following news of the disposal of Rheis and the company's retail milk interests, but Glaxo, unsettled by the proposed ADR tax eased ½ to £10½. Elsewhere, British Aerospace touched 575p before settling 10 higher at 568p; the preliminary figures are expected on March 25. Duport encountered speculative demand and put on 12 to 92p, while Sale Tilney, awaiting today's preliminary statement, gained 20 to 280p. Press mention left Bestwood 25 dearer at 407p. Suter added 10 to 270p, while UKO International gained a like amount to 240p in sympathy. Granada, up to 280p at one stage, fell away to close 4 off on the day at 264p on late news that Rank Organisation had decided to withdraw its present offer; the latter advanced 30 to 537p. Fobel continued to make headway at 67p, up 4. Evered were outstanding at 270p, up 16, along with USM quoted Parkfield Group which advanced 25 to 407p. Good annual results left Hunter 7 firmer at 294p, while Hepworth Ceramic ended 18 higher at 202p after the preliminary statement.

The Leisure sector displayed several bright features. First Leisure advanced 20 to 440p in a market short of stock, while Pleasurama gained 26 to 366p following the sale of its stake in Tyne Tees Television.

Armstrong Equipment's interim results were well received and the shares rose 9 to 131p, after 136p, while Dowty scored a sympathetic rise of 13 at 227p. Elsewhere in Motors, Kennings gained 12 to 198p on hopes of an increased offer from Tozer Kemsley and Millbourn, while the imposition of a 5 per cent tax on ADR's prompted a reaction of 10 to 455p in Jaguar.

Paper/Printings highlighted DRG which advanced 23 to 286p in response to the preliminary results, while St Ives, still benefitiing from acquisition news, rose 30 for a two-day gain of 125 to 815p. Advertising agencies showed Boase Massimi Pollitt, finally 24 up at 309p, Davidson Pearse, which revealed pleasing full-year figures on Monday, put on 10 more to 180p.

The current buoyancy of equities was mirrored in Investment Trusts which displayed useful gains across the board. Globe, the UK's largest trust, advanced 17 to 360p, while similar rises were noted for Fundivest Capital, 362p, and Altifund Capital, 595p. The Chancellor's proposed Personal Equity Plan stimulated support of M & G Group, 70 up at 850p, and Framlington, 40 better at 650p. Henderson Administration advanced

Shell up again

Another firm performance by crude oil prices, encouraged by reports that Opec members have provisionally agreed to production cuts, prompted renewed *support for leading oils.* Shell attracted persistent buying interest and gradually progressed to close 8 better at 768p, while BP touched 573p prior to ending the session a net 5 up at 570p.

A downeturn in the bullion price and an easier trend in the Financial Rand effectively *choked off interest in the South* African gold sectors of mining markets but diamond producers De Beers, up 15 at 510p, continued to attract persistent and often heavy support from London and the US, still reflecting hopes of a diamond price increase.

London-registered Financials continued to attract strong domestic and overseas support. Rio Tinto-Zinc closed a further 28 to the good at 690p — a three-day rise of 60 — reflecting persisten talk of a stake-building exercise and also on buying ahead of the preliminary results expected early next month.

Traded Options

The post-Budget session saw a livelier business in Traded Options. Total contracts transacted amounted to 25,716 comprising 20,909 calls and 4,807 *puts. A further breakdown of* the day's activity was unavailable owing to continuing problems with the new computerised matching system.

FINANCIAL TIMES STOCK INDICES

	Mar. 19	Mar. 18	Mar. 17	Mar. 14	Mar. 13	Mar. 12	year ago
Government Secs	90.05	88.92	88.53	88.57	88.45	88.88	80.67
Fixed Interest	93.59	93.06	92.93	92.90	92.91	93.31	84.57
Ordinary ♥	1389.5	1374.6	1357.7	1360.7	1350.5	1350.7	1001.9
Gold Mines	318.1	317.4	318.3	319.7	351.0	329.2	517.7
Ord. Div. Yield	3.91	3.95	3.99	3.99	4.03	4.03	4.54
Earnings, Yld. %(full)	9.31	9.40	9.50	9.50	9.58	9.58	11.26
P/E Ratio (net) (*)	13.33	13.20	13.07	13.07	12.95	12.94	10.81
Total bargains (Est.)	40,491	41,093	35,653	34,118	46,772	35,660	25,566
Equity turnover £m.	—	753.56	783.10	930.12	1537.33	888.46	409.60
Equity bargains	—	37,801	40,196	40,538	43,098	43,117	22,330
Shares traded (ml)	—	337.6	305.3	362.1	488.1	436.4	209.5

♥ 10 am 1387.4. 11 am 1386.9. Noon 1386.0. 1 pm 1384.7. 2 pm 1386.1. 3 pm 1385.6. 4 pm 1388.4. Day's High 1389.5. Day's Low 1384.4. Basis 100 Government Securities 15/10/26. Fixed interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026. *Nil=12.82. † Corrected.

HIGHS AND LOWS / **S.E. ACTIVITY**

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Abbey Life	203	− 4
Armstrong Equipment	131	+ 9
Barclays	555	+10
Bass	785	+30
British Aerospace	568	+10
Dubilier	192	−16
Grand Metropolitan	400	+14
Legal and General	783	−29
Lloyds Bank	633	+23
Midland Bank	505	+ 5
NatWest Bank	888	+33
Wimpey (G.)	188	+21

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tue. close	Day's change
BAT Industries	27	403	+10
BP	25	565	+17
Shell Transport	25	760	+17
RTZ	22	662	+18
Wellcome	22	233	+ 3
Beecham	21	355	+ 7
M. and Spencer	21	212	+14
Britoil	20	187	+ 6
Cns. Gold Fds.	20	483	+16
Boots	19	279	+ 8
Fisons	19	533	—
NatWest Bank	19	855	+39

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 50,122

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar 17	Apr 4	June 26	July 7
Apr 7	Apr 18	July 10	July 21
Apr 21	May 2	July 24	Aug 4

For rate indications see end of Unit Trust Service

Stocks favoured for the call included Tricentrol, United Spring and Steel, John Brown, George Wimpey, STC, BTR, David Dixon, Watson and Philip, Alexanders Holdings, Raine Engineering, Atlantic Resources, Readicut, Exco International, Wellcome, C. H. Bailey and Electronic Rentals. Puts were done in Plessey and Barclays Bank. No doubles were reported.

NEW HIGHS AND LOWS FOR 1985/6

NEW HIGHS (500)

NEW LOWS (16)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	100	11	2
Corpns. Dom. and Foreign Bonds	27	8	39
Industrials	520	222	754
Financial and Props.	286	97	226
Oils	18	28	77
Plantations	2	1	8
Mines	37	34	116
Others	60	85	41
Totals	1,048	451	1,259

LONDON TRADED OPTIONS

March 19 Total contracts 25,716 Calls 20,909 Puts 4,807 *Underlying security price.

WORLD STOCK MARKETS

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

Mar. 19	Price Kronor	+ or −
AGA	188	
Alfa-Laval B	290	+8
ASEA (Free)	405	
Astra (Free)	515	
Atlas Copco	209	−1
Cardo (Free)	285	−2
Cellulosa	195	+4
Electrolux B	277	+3
Ericsson B	279	+2
Esselte	535	−23
Mo och Domsjo	220	−4
Pharmacia	815	
Saab Scania Free	600	+15
Sandvik	807	+2
Skandia	445	+13
Skan Enskilda	95	
SKF	304	+2
Sonneson	184	
Stora Kopparbrg	220	+6
Sven Handlesbn	311	
Swedish Match	288	−2
Volvo B (Free)	310	+5

SWITZERLAND

Mar. 19	Price Frs.	+ or −
Adia Intl.	6,090	+40
Alusuisse	726	−4
Bank Leu	4,025	+25
Brown Boveri	1,650	+50
Ciba Geigy	3,860	−25
do. (Part Certs)	2,910	
Credit Suisse	3,810	+20
Elektrowatt	3,590	+15
Fischer (Geo.)	1,520	
Hoff-Roche PtCts	129,250	+500
Hoff-Roche 1/10	12,975	+125
Jacobs Suchard	7,650	+50
Jelmoli	3,500	+50
Landis & Gyr	1,915	+5
Nestle	8,750	−25
Oer-Buehrle	1,650	+10
Pirelli	439	+1
Sandoz (Br)	11,200	+200
Sandoz (Pt Cts)	1,710	
Schindler (PtCts)	785	+5
Sika	1,550	−25
Surveillance A	6,490	+90
Swissair	2,010	−30
Swiss Bank	563	+3
Swiss Reinsce	14,950	+50
Swiss Volksbk	2,520	+10
Union Bank	6,015	+55
Winterthur	5,325	+25
Zurich Ins.	6,425	+25

AUSTRALIA

Mar. 19	Price Aust $.	+ or −
Adelaide Steamsp	16.6	+0.5
ANZ Group	5.6	−0.02
Ampol Pet.	2.3	+0.04
Ashton	1.48	+0.01
Aust. Cons. Inds.	3.5	
Aust. Guarantee	3.05	−0.05
Aust. Nat. Inds.	5.52	+0.02
APM	3.45	
Bell Group	7.16	−0.04
Bell Res	5.2	
Bond Corp Hldgs	3.11	+0.01
Boral	4.1	
Bougainville	2.7	+0.15
Brambles Inds	5.9	
Bridge Oil	1.6	−0.05
B. H. Prop.	6.36	−0.04
Burns Philp	6.1	+0.04
CRA	6.7	+0.08
CSR	3.5	−0.02
Chase Corp	6.3	+0.1

AUSTRALIA (continued)

JAPAN (continued)

Mar. 19	Price Yen	+ or −
Shionogi	1,010	+31
Shiseido	1,640	
Showa Denko	259	−5
Sony	3,470	+40
S'tomo Bank	1,900	−40
S'tomo Chem	292	+7
S'tomo Corp.	870	−5
S'tomo Elect	947	−2
S'tomo Metal	145	
Taisei Corp.	482	−28
Taisho Marine	689	−27
Taiyo Kobe Bank	715	−14
Takeda	1,280	+10
TDK	3,570	−60
Teijin	498	−7
T.a. Nenryo	1,460	+20
Tokai Bank	992	+2
Tokio Marine	1,100	−10
Tokyo Elect Pwr	5,500	−100
Tokyo Gas	393	−11
Tokyu Corp	820	−48
Toppan Print	1,210	−40
Toray	649	
Toshiba Elect	358	−1
Toyo Seikan	1,850	−10
Toyota Motor	1,180	+50
UBE Inds	254	−8
Victor	2,050	−20
Yamaha	651	
Yamaichi Sec	846	−39
Y'manouchiPhm	2,970	−10
Yamazaki	1,150	+10
Yasuda Fire	650	+4

HONG KONG

Mar. 19	Price H.K.$	+ or −
Bank East Asia	18.7	−0.1
Cheung Kong	18.0	−0.1
China Light	15	−0.1
Evergo	0.59	−0.7
Hang Seng Bank	42.0	
Henderson Land	1.67	+0.02
HK China Gas	11.8	−0.2
Hk Electric	8.3	+0.05
HK Kowloon Wh.	6.2	
HK Land	5.5	−0.05
HK Shanghai BK.	7.6	+0.05
HK Telephone	9.3	
Hutchison Wpa	24.3	−0.1
Intnl. City	0.97	
Jardine Math	11.1	
New World Dev.	5.35	+0.05
Orient O'seas	1.99	
SHK Props	10.7	−0.1
Shell Elect	0.99	
Swire Pac A	30.5	−0.5
TV—B	5.0	
World Int. Hldgs.	2.1	

JAPAN

Mar. 19	Price Yen	+ or −
Ajinomoto	1,270	−40
All Nippon Air	871	−39
Alps Electric	1,650	−20
Asahi Chem	805	−12
Asahi Glass	1,000	−20
Bank Tokyo	802	−36
Bridgestone	595	−15
Brother Inds	555	−5
Canon	950	−7
Casio Comp	1,430	−20
Chugai Pharm	1,250	+70
Daiei	1,060	−30
Dai-Ichi Kan. Bk.	1,570	−40
Dai Nippon Ink	389	−8
Dai Nippon Ptg	1,570	−20
Daiwa House	1,040	−10
Daiwa Sec	1,020	−30
Eisai	1,630	−50
Fanuc	5,600	+90
Fuji Bank	1,590	−20
Fuji Film	1,730	
Fujisawa	1,150	−39
Fujitsu	956	−7
F'urukawa Elect.	388	−7
Green Cross	2,180	+20
Heiwa Real Est	1,050	−40
Hitachi	724	−4
Hitachi Credit	1,490	−10
Honda	1,040	
Indl. Bk. Japan	1,310	−30
Ishikawajima Hr.	175	−6
Isuzu Motors	358	
Itoh (C)	525	−11
Ito. Yokado	3,420	+40
JAL	8,100	
Jusco	1,210	+10
Kajima	680	−19
Kao Soap	1,240	+10
Kawasaki Steel	143	−3
Kirin	1,000	−10
Kobe Steel	185	
Komatsu	457	−4
Konishiroku	658	−9
Kubota	359	−9
Kumagai	895	−29
Kyocera	4,100	+10
Marubeni	358	−2
Marui	1,900	
Mazda Motors	378	−5

SINGAPORE

Mar. 19	Price $	+ or −
Boustead Hldgs.	0.79	+0.01
Cold Storage	2.37	+0.01
DBS	4.48	−0.02
Genting	3.68	+0.02
Haw Par. Bros.	1.75	
Hong Leong Fin.	1.80	−0.05
Inchcape Bhd	1.52	−0.07
Keppel Shipyard	0.40	
Malay Banking	3.64	+0.01
Malay Utd. Ind.	1.08	+0.03
Multi Purpose	0.35	+0.02
OCBC	6.05	
OUB	2.13	−0.01
Public Bank	0.86	−0.01
Sime Darby	1.25	
Singapore Air.	6.40	
Singapore Press.	5.70	+0.05
Straits Trdg.	1.87	−0.16
Tat Lee Bk	1.93	
UOB	2.89	−0.01

SOUTH AFRICA

Mar. 19	Price Rand	+ or −
Abercom	2.35	
AE&CI	12	
Allied Tech	64	+1
Anglo Am. Coal	45.25	+0.75
Anglo Am. Corp	44.25	+0.38
Anglo Am. Gold	231	+4
Barclays Bank	19.5	+0.5
Barlow Rand	16.5	+0.55
Buffels	77	+1
CNA Gallo	2.5	+0.15
Currie Finance	5.05	+0.05
De Beers	22	+0.9
Driefontein	54.5	
F.S.Cons	33.9	+0.4
Gold Fields S.A.	41.5	+0.75
Highveld Steel	6	+0.3
Malcor	9.75	+0.25
Nedbank	6.25	+0.05
OK Bazaars	13.75	
Rembrandt	51	

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Schillings.

CANADA

TORONTO

Closing prices March 19

F—No voting rights or restricted voting rights

Total Sales 5,112,822 shares

MONTREAL

Closing prices March 19

Indices

NEW YORK-DOW JONES

	March 19	March 18	March 17	March 14	March 13	March 12	1985/86 High	1985/86 Low	Since Compilation High	Since Compilation Low
Industrials	1,787.95	1,788.87	1,776.82	1,792.74	1,753.71	1,745.45	1792.74 (14/3/86)	1184.96 (4/1/85)	1792.74 (14/3/86)	41.22 (2/7/32)
Transport	805.57	802.75	804.10	804.10	810.48	808.18	804.10 (14/3/86)	553.03 (4/1/85)	884.18 (14/3/86)	12.32 (8/7/32)
Utilities	185.01	186.50	186.85	186.65	188.84	188.40	186.85 (14/3/86)	146.54 (4/1/85)	186.85 (14/3/86)	10.5 (28/4/42)
Trading vol		148m	234.05	182m	171m	218.25	–	–	–	–

	March 14	March 7	Feb 28	Year Ago (Approx)
Ind Div Yield %	3.60	3.77	3.72	4.89

STANDARD AND POORS

	March 19	March 18	March 17	March 14	March 13	March 12	1985/86 High	1985/86 Low	Since Compilation High	Since Compilation Low
Industrials	268.39	269.39	258.91	269.49	256.78	256.09	269.40 (14/3/86)	128.24 (4/1/85)	269.40 (14/3/86)	3.62 (30/6/32)
Composite	236.60	235.78	234.67	236.55	233.10	232.54	236.56 (14/3/86)	163.68 (4/1/85)	236.56 (14/3/86)	4.40 (1/6/32)

	Feb 19	Feb 12	Feb 5	Year Ago (Approx)
Ind div yield %	3.38	3.35	3.48	3.81
Ind. P/E Ratio	15.36	15.12	14.89	11.34
Long Gov Bond Yield	8.86	9.13	9.25	11.45

N.Y.S.E. ALL COMMON

March 19	March 18	March 17	March 14	1985 High	1985 Low
135.57	135.70	135.87	136.17	136.17 (14/3/86)	94.58 (4/1/85)

RISES AND FALLS

	March 18	March 17	March 14
Issues traded	2,068	2,089	2,053
Rises	1,024	484	1,037
Falls	649	1,242	634
Unchanged	395	363	382

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
East Air	2,724,000	8⅝	unch	ATT	1,549,600	22⅞	− ⅜
Comw Ed	2,299,400	33⅝	− ⅜	Burroughs	1,198,100	64⅝	−3⅝
Det Ed	2,189,800	18⅝	unch	Gen Motors	1,137,600	84⅞	+ ½
Eli Lilly	1,752,800	65½	+ 6¼	Baxter Lab	1,067,880	19¼	unch
Mesa Ltd	1,556,400	13⅝	+ ⅛	Am Med Int	1,063,400	22¾	+1

Advances 733 Declines 886

TORONTO

	March 19	March 18	March 17	March 14	1985/86 High	1985/86 Low
Metals & Minls	2,380.70	2,342.8	2,333.3	2,338.4	2,365.4 (11/3/86)	1748.82 (31/10/85)
Composite	2,986.60	2,984.5	2,957.8	2,957.3	2,993.5 (12/3/86)	2348.5 (8/1/85)
MONTREAL Portfolio	1,549.57	1,538.86	1,511.61	1,512.14	1,528.57 (12/3/86)	1,209.48 (4/1/85)

* Indicates pre-close figure

	Mar. 19	Mar. 18	Mar. 17	Mar. 14	1985-86 High	1985-86 Low
AUSTRALIA All Ord. (1/1/80)	1125.5	1124.4	1112.2	1099.5	1124.6 (18/3/86)	715.5 (7/1/85)
Metals & Minls. (1/1/80)	558.0	558.6	(u)	525.4	583.8 (20/6)	882.5 (7/1/85)
AUSTRIA Credit Aktien (2/1/62)	115.90	116.17	115.75	115.53	126.82 (15/1/86)	68.21 (24/1/85)
BELGIUM Brussels SE (1/1/80)	3417.09	3382.70	3352.27	3358.16	3417.09 (19/3/86)	2090.7 (18/1/85)
DENMARK Copenhagen SE (3/1/83)	(u)	237.83	238.42	238.18	259.88 (15/5/86)	168.44 (9/1/85)
FRANCE CAC General (3/1/80)	332.7	325.6	315.8	322.4	332.7 (19/3/86)	188.9 (3/1/85)
Ind Tendance (31/12/85)	128.2	124.8	120.5	125.2	128.2 (19/3/86)	100.8 (31/12/85)
GERMANY FAZ Aktien (31/12/58)	691.27	686.16	684.21	690.67	718.78 (15/1/86)	382.56 (3/1/85)
Commerzbank (1/12/53)	2095.5	2075.3	2061.9	2082.4	2181.8 (15/1/86)	1111.8 (3/1/85)
HONG KONG Hang Seng Bank (31/7/64)	1558.94	1581.72	1568.48	1607.53	1826.84 (8/4/86)	1220.74 (2/1/85)
ITALY Banca Comm Ital. (1972)	640.45	654.53	660.01	621.96	658.01 (17/3/86)	228.56 (2/1/85)
JAPAN** Nikkei (16/5/49)	14478.5	14639.8	14655.5	14518.77	14864.5 (15/3/86)	11545.2 (5/1/85)
Tokyo SE New (4/1/68)	1155.15	1168.48	1168.31	1156.18	1168.31 (17/3/86)	916.83 (4/1/85)
NETHERLANDS ANP.CBS General (1970)	253.7	251.0	250.6	250.9	257.0 (8/1/86)	185.6 (5/1/85)
ANP.CBS Indust (1970)	250.4	248.7	249.5	249.5	256.3 (17/1/86)	147.9 (5/1/85)
NORWAY Oslo SE (4/1/83)	354.63	355.61	344.05	344.81	412.88 (12/11)	288.18 (2/1/85)
SINGAPORE Straits Times (30/12/66)	569.66	570.29	570.58	575.56	852.65 (7/5/85)	569.68 (19/3/86)
SOUTH AFRICA JSE Gold (28/9/78)	—	1250.4	1220.7	1220.7	1307.9 (27/1/86)	829.3 (5/8)
JSE Indust (28/9/78)	—	1180.1	1161.6	1155.2	1180.1 (18/3/86)	767.1 (7/5/85)
SPAIN Madrid SE (30/12/85)	150.10	148.99	150.72	154.42	154.42 (14/3/86)	100.0 (30/12/85)
SWEDEN Jacobson & P (31/12/58)	1975.76	1956.10	1960.72	1935.56	1975.76 (19/3/86)	1286.82 (9/7)
SWITZERLAND Swiss BankCpn (31/12/58)	579.8	578.8	583.6	579.2	625.5 (8/1/86)	388.7 (3/1/85)
WORLD M.S. Capital Intl. (1/1/70)	—	300.0	299.8	298.0	300.0 (18/3/86)	184.8 (4/1/85)

** Saturday March 15: Japan Nikkei 14,664.47. TSE 1,166.59.

Base value of all Indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON Chief price changes (in pence unless otherwise indicated)

RISES

Ex 2½% 1990	£79¼	+1¼
Con 9% 2000 A	£27½	+2⅛
Access Satel	86	+21
Armstrong Eq	131	+9
Brit Arrow	152	+9
Burton	340	+23
DRG	286	+23
De Beers Dfd	510	+15
Duport	92	+12
Evered	270	+16
Glynwed	338	+11
Harris Queen	268	+13
Kenning Motor	188	+12
Laing (J)	387	+15
Meyer Intl	257	+11
Natwest	888	+33
Parkfield	407	+25
Rank Org	537	+30
Sale Tilney	280	+20
Scot & Newcas	218	+12
Tarmac	474	+22
Tern	57	+6
Un Discount	730	+27
Wimpey	188	+21

FALLS

Tr 2½% IL '16	£89⅝	−1¼
Dubilier	192	−16
Ferranti	146	−6
GEC	198	−6
Legal & Gen	783	−29
Rentokil	155	−18

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 39

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
21½	10⅝	AAR s			19	476	21¼	20⅞	20⅞	−⅛
34⅝	17¼	AFG			17	625	u35⅞	34¾	35⅝	+⅞
25⅝	10¼	AGS			16	100	23⅜	23	23	−⅜
14⅜	9⅞	AMCA				24	13⅝	13⅜	13⅝	+⅜
53½	37½	AMR			8	4153	50⅝	49⅝	50⅝	+⅞
25¾	19⅝	AMR pf	2.18	8.5		157	25½	25⅜	25½	+⅛
25¾	23¼	ANR pf	2.67	11.		3	25⅛	25	25	
21½	19	ANR pf	2.12	10.		8	21¼	20¾	20¾	
12½	7⅜	APL			7	9	11¾	11½	11⅝	
16¾	10⅜	ARX			13	38	15⅝	15	15	−⅜
55⅝	32¾	ASA	2a	5.2		264	39¼	38¼	38¼	−1
18⅝	10½	AVX		1	9	519	17¼	16¾	16¾	−⅜
29⅞	21⅛	AZP	2.72	9.5	7	1616	29	28⅝	28¾	+⅜
83½	49	AbtLab	1.68	2.1	21	1823	80¼	79½	80	−¼
31⅞	19⅝	AccoWd	.50	1.7	21	128	30½	30	30	−½
24¾	10	AcmeC	.40	3.2	18	270	12⅝	12½	12½	
9¾	7	AcmeE	.32b	3.7	16	91	8¾	8⅝	8¾	
19¾	16½	AdaEx	1.90e	10.		65	18⅞	18¾	18¾	−⅛
26	14	AdmMl	.40	1.6	11	30	25⅝	25¼	25⅝	+⅛
20⅝	8¾	AdvSys	1.36t	7.2	18	183	19⅛	18⅝	19	−⅛
34	22⅛	AMD				2561	31⅛	30⅝	30⅝	−¾
12⅝	8¼	Adobe n				113	9⅞	9⅝	9⅝	−¼
16⅝	14⅝	Adob pf	1.84	11		64	16⅝	16½	16⅝	+⅛
18⅝	15¼	Adob pf	2.40	13		118	18⅝	18¼	18⅜	−⅛
17¾	8⅛	Advest	.12a	.7	16	314	17	16¾	16¾	−¼
66	39⅝	AetnLf	2.64	4.1	17	2489	65⅝	64⅝	64⅞	+⅜
57½	52⅛	AetL pf	4.97e	9.5		574	52¾	52½	52½	−⅛
68¼	27¾	Ahmns	1.38	2.2	8	1445	62½	61½	61½	
4¾	2½	Aileen			88	69	4⅝	4¼	4⅜	
81½	46⅞	AirPrd	1.48	1.8	17	2267	u82⅝	80½	81⅝	+⅝

Continued on Page 39

NYSE COMPOSITE CLOSING PRICES

Continued from Page 38

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22¼	15	Wynns	.80	3.4		11	17⅝	17¼	17⅝	

X Y Z

72¼	42⅛	Xerox	3	4.4	15	2299	70	68¼	68⅝	−1⅜
57⅞	49	Xerox pf5 45		9.6		7	56⅝	56⅝	56⅝	
37	26	ZaleCp 1 32		3.7	14	68	35½	35⅜	35⅜	−⅛
15½	3½	Zapata .03j			29	4134	4⅛	4	4⅛	−⅛
70¾	40¼	Zayre s	.48	.7	22	1233	70¼	69½	70	+⅛
26¼	16¾	ZenithE				2111	24⅝	24⅜	24⅜	−⅛
33⅞	11	ZenLbs 10l		.3	24	5057	u36	34	35¼	+1⅝
22⅝	13¾	Zero s				146	22	21½	21⅞	+¼
45¾	26¾	Zurnin 1 32		3.1	15	94	43¼	42¼	42¼	−1

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

[illegible]

OVER-THE-COUNTER *Nasdaq national market, closing prices*

[illegible]

Continued on Page 37

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET
Unsettling oil worries resurface

US FINANCIAL markets were unsettled yesterday by worries over oil prices, a downgrading in Federal estimates of GNP, and poor profits news from the technology sector, *writes Terry Byland in New York.*

Bonds opened sharply down on overnight selling pressures from Japan, and some initial support for stock prices faded away before mid-session.

Lacking firm news from the Geneva meeting of Opec ministers, traders kept a close eye on US futures markets for crude oil, stock indices and bonds. The revision in official GNP growth estimates for the 1985 fourth quarter from 1.2 per cent to 0.7 per cent was inside the range of market forecasts, but a further indication of a sluggish economy.

Stock moved narrowly throughout the session, rallying in the last half hour from a bout of futures-orientated selling. The Dow Industrial Average ended a net 1.92 points down at 1787.95, on heavy NYSE turnover of 151.4m shares.

Bonds remained weak, with the municipal sector unsettled after a major trader suspended operations for two hours because of the continued uncertainty over the taxation outlook for state and local funding.

Technology stocks took widespread falls behind Burroughs, which tumbled by $3⅞ to $64⅝ after the board warned of "poor" first quarter earnings, "not insignificantly below" last year's $1.08 a share.

This latest sign of difficult times in the computer and technology markets tended to confirm Wall Street's apprehensions. IBM fell $¾ to $151⅝, and Digital Equipment plunged $3⅜ to $160⅛. At $76, Honeywell lost $1⅛.

But the Dow average was sustained by firmness in the Detroit motor issues after Nissan Motor increased its US prices. At $84⅝, General Motors added $¾ with heavy turnover confirming the rise in the stock earlier this week. Chrysler, with its small cars directly competitive with the Japanese manufacturers, jumped $1⅞ to $43⅝, while Ford surged by $2⅜ to $76.

Defence-aerospace stocks did well, with the exception of General Dynamics, which eased $1 to $83¾. There was support for McDonnell Douglas, up $1 at $86, and for Lockheed, up $1¼ at $57.

Oils continued to respond with caution to the likelihood that OPEC will stem the fall in world oil prices. At $55¼, Exxon eased by $¼, while Chevron gained $⅝ to $37⅞ and Atlantic Richfield $⅛ to $53⅝.

Airlines, on the other hand, moved up smartly with some investors unconvinced that OPEC will succeed. United gained $1¾ to $55¾, and American $1 to $50¼. There was heavy turnover in Eastern Air Lines, although the stock remained unchanged at $8¾. TWA eased $1 to $17⅛.

Chemical issues, beneficiaries of a weaker dollar, edged forward, led by Monsanto, up $⅝ at $60⅛. The weak feature was Du Pont, which fell $1⅞ to $74½ on profit-taking after its recent rise.

In pharmaceuticals, Eli Lilly bounded by $7⅞ to $67⅛ in heavy trading after Goldman Sachs tipped its new Prozac drug as a potential winner. Warrants for Lilly stocks also bounded sharply.

The rest of the drug sector was overshadowed by the activity in Lilly and showed minor losses.

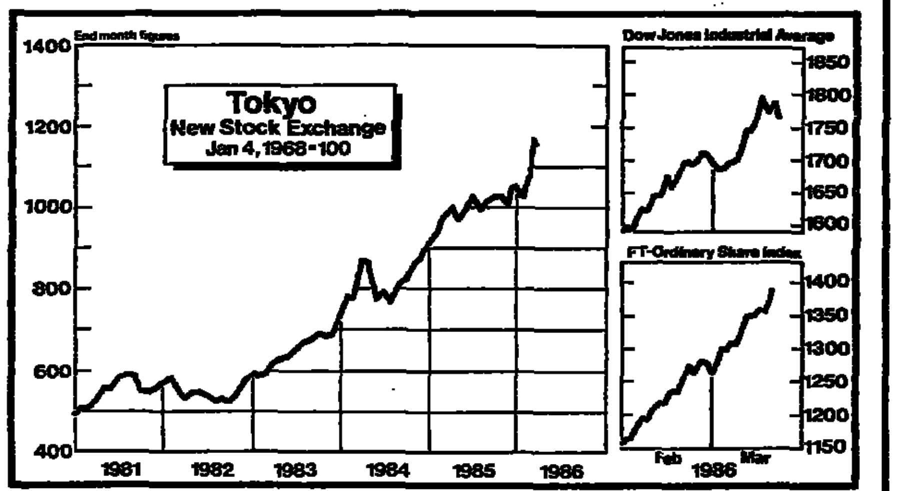
A spate of earnings reports from the retail sector featured Toys "R" Us, the specialist toy retailer, down $⅝ at $39⅝ on the annual profit figures.

Chase Manhattan, which is selling its Visa Travellers cheque operations to Barclays Bank of the UK, eased by $⅞ to $43⅝. The rest of the banking sector was firm. Insurance stocks moved ahead after widespread comment on the rising costs of insurance in the US.

In the credit markets, short-term rates remained motionless as the market appraised the chances for any further easing in Fed credit policies at present. Federal funds stood at 7⅜ per cent.

Losses in the bond market ranged to nearly half a point after early selling from the Far East dried up. With the slide in oil prices now in question, long-term yields have returned to nearly 8 per cent.

KEY MARKET MONITORS



STOCK MARKET INDICES

	March 19	Previous	Year ago
NEW YORK			
DJ Industrials	1,787.95	1,789.87	1,271.09
DJ Transport	805.57	802.75	603.30
DJ Utilities	185.01	186.50	148.70
S&P Composite	235.60	235.78	179.54
LONDON			
FT Ord	1,389.5	1,374.6	1,001.9
FT-SE 100	1,659.8	1,644.4	1,304.7
FT-A All-share	807.79	799.32	620.92
FT-A 500	889.65	881.47	677.82
FT Gold mines	318.1	317.4	517.7
FT-A Long gilt	9.37	9.57	10.67
TOKYO			
Nikkei	14,476.54	14,639.32	12,478.0
Tokyo SE	1,153.10	1,168.40	1,003.01
AUSTRALIA			
All Ord.	1,123.3	1,124.6	793.9
Metals & Mins.	558.0	550.8	476.7
AUSTRIA			
Credit Aktien	115.90	116.17	70.80
BELGIUM			
Belgian SE	3,417.09	3,382.7	2,302.82
CANADA			
Toronto			
Metals & Minls	2,360.70	2,342.9	2,084.0
Composite	2,998.60	2,984.9	2,621.9
Montreal			
Portfolio	1,540.57	1,530.66	131.01
DENMARK			
SE	239.16	237.82	177.62
FRANCE			
CAC Gen	332.7	325.6	205.8
Ind. Tendance	128.2	124.8	111.8
WEST GERMANY			
FAZ-Aktien	691.27	685.16	419.59
Commerzbank	2,095.3	2,073.3	1,217.1
HONG KONG			
Hang Seng	1,559.94	1,561.72	1,300.97
ITALY			
Banca Comm.	649.45	654.53	273.50
NETHERLANDS			
ANP-CBS Gen	263.7	261.0	205.4
ANP-CBS Ind	250.4	248.7	164.6
NORWAY			
Oslo SE	354.63	353.81	314.82
SINGAPORE			
Straits Times	569.66	570.29	836.32
SOUTH AFRICA			
JSE Golds	-	1,238.4	965.7
JSE Industrials	-	1,180.1	862.5
SPAIN			
Madrid SE	150.10	148.99	111.91
SWEDEN			
J & P	1,975.76	1,956.10	1,430.43
SWITZERLAND			
Swiss Bank Ind	579.8	578.0	430.9
WORLD	Mar 18	Prev	Year ago
MS Capital Int'l	300.0	298.8	196.0

COMMODITIES

(London)	March 19	Prev
Silver (spot fixing)	385.55p	382.25p
Copper (cash)	£988.50	£1,003.00
Coffee (Mar)	£2,410.00	£2,450.00
Oil (spot Arabian Light)	n/a	n/a

GOLD (per ounce)

	March 19	Prev
London	$347.75	$350.50
Zürich	$347.00	$351.25
Paris (fixing)	$351.77	$353.41
Luxembourg	$348.85	$351.05
New York (April)	$350.80	$350.30

CURRENCIES

(London)	US DOLLAR March 19	US DOLLAR Previous	STERLING March 19	STERLING Previous
$	-	-	1.48	1.4775
DM	2.2615	2.249	3.3475	3.3225
Yen	176.95	175.0	262.0	258.5
FFr	6.955	6.915	10.2925	10.2175
SFr	1.8955	1.8835	2.805	2.7825
Guilder	2.5515	2.538	3.775	3.75
Lira	1,537.0	1,528.0	2,274.75	2,257.5
BFr	45.25	45.95	68.45	67.9
C$	1.3895	1.3886	2.0545	2.05

INTEREST RATES

Euro-currencies (3-month offered rate)	March 19	Prev
£	11⅞	11⅝
SFr	4⅝	4⅜
DM	4⁵⁄₁₆	4⁵⁄₁₆
FFr	11½	12
FT London Interbank fixing (offered rate)		
3-month US$	7⅝	7⅝
6-month US$	7½	7½
US Fed Funds	7⅜*	7½
US3-month CDs	7.15*	7.10
US3-month T-bills	6.515*	6.51

US BONDS

Treasury		March 19* Price	March 19* Yield	Prev Price	Prev Yield
8	1988	101 13/32	7.21	101 11/32	7.21
8⅜	1993	105 13/32	7.724	105 24/32	7.649
8⅞	1996	107 4/32	7.828	107 24/32	7.739
9⅜	2016	114 5/32	7.996	114 23/32	7.947

Treasury Index

Maturity (years)	Return index	March 19* Day's change	Yield	Day's change
1–30	147.70	+0.07	7.71	0
1–10	141.04	−0.04	7.53	+0.01
1– 3	133.05	+0.04	7.30	0
3– 5	143.24	+0.02	7.60	0
15–30	171.52	+0.49	8.34	−0.03

Source: Merrill Lynch

Corporate	March 19* Price	March 19* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	101⅝	9.85	101⅝	9.85
3⅜ July 1990	89⅛	6.75	89⅛	6.75
8¾ May 2000	97½	9.05	97½	9.05
Xerox				
10⅜ Mar 1993	108	8.21	108	8.21
Diamond Shamrock				
10⅜ May 1993	101.21	10.25	101.21	10.25
Federated Dept Stores				
10⅜ May 2013	108⅝	9.70	108⅝	9.70
Abbot Lab				
11.80 Feb 2013	114⅛	10.20	114½	10.20
Alcoa				
12½ Dec 2012	113⅜	10.53	113⅛	10.53

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
June	96-09	95-20	95-12	95-25
US Treasury Bills (IMM) $1m points of 100%				
June	93.74	93.74	93.70	93.72
Certificates of Deposit (IMM) $1m points of 100%				
June	93.08	93.08	93.03	93.05
LONDON				
Three-month Eurodollar $1m points of 100%				
June	92.74	92.77	92.71	92.72
20-year Notional Gilt £50,000 32nds of 100%				
June	123-18	123-20	121-02	120-10

* Latest available figures

TOKYO
Drop in yen triggers sharp fall

THE SHARP plunge of the yen against the dollar forced share prices to tumble in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

Recently favoured public work and domestic demand-related issues fell, on a wide front. Only some biotechnology-related and speculative issues gained ground. The Nikkei average lost 162.78 to 14,476.54, its largest one-day decline this year.

Volume fell to 736m shares from Tuesday's 1.14bn as buying interest faded in the face of sharply falling prices. Declines led advances by 636 to 242, with 108 issues unchanged.

The precipitous fall of some favourites was attributed mainly to the yen's sharp fall in Tokyo after the Bank of Japan's yen sales on the New York currency market on Tuesday and to growing prospects that Opec would decide on production cuts at its Geneva meeting.

However, large securities houses ruled out the possibility of a further sharp fall in share prices, ascribing the decline to a bout of profit-taking.

Among domestic demand-oriented stocks, electric and gas utilities tumbled across the board, with Tokyo Gas losing Y11 to Y393 and Tokyo Electric Power Y100 to Y3,500.

Stocks with "hidden assets" also eased on a broad front. Mitsubishi Estate shed Y30 to Y1,560, Tokyu Land Y21 to Y479 and Nippon Express Y25 to Y763.

Large private electric-rail stocks, which had attracted buyers on hopes of higher earnings due to urban redevelopment, lost ground. Keisei Electric Railway relinquished Y21 to Y515, Tobu Railway Y29 to Y563 and Tokyu Y48 to Y820.

Sumitomo Chemical, most active with 26.9m shares traded, gained Y7 to Y292. It drew strength from news that the company had developed a method of mass-producing agricultrual drugs using microbes.

Among the biotechnology-related stocks favoured, Kuraray gained Y70 to Y1,620, Chugai Pharmaceutical Y70 to Y250 and Shionogi Y30 to Y1,010.

Bond prices eased as securities houses scurried to sell bonds in response to the yen's plunge and the uncertain outlook for crude oil prices. The yield on the bellwether 6.2 per cent government bonds due in July 1995 soared to 4.960 per cent from Tuesday's 4.830 per cent.

The yen's sharp fall led securities houses to decide that prospects were bleak for a third cut this year in the central bank's discount rate.

But buying interest revived later when Mr Satoshi Sumita, Bank of Japan Governor, suggested that another cut might be forthcoming. His remark sent the yield on the benchmark bond down close to 4.910 per cent on the over-the-counter market.

SOUTH AFRICA

CONSUMER stocks, buoyed by Monday's budget, moved into the limelight in Johannesburg.

Leading industrial group Barlow Rand which has diversified consumer components added 35 cents to R16.50 while sugar group Tongaat Huletts was 15 cents firmer at R8.

Gold shares benefited from a sharp fall in the rand: Buffels picked up R1 to R77 while Driefontein held steady at R54.50 Among other mines, De Beers added 90 cents to R22 and Rustenburg Platinum added firmed R1 to R22.75.

CANADA

DESPITE WEAKNESS in gold and oil stocks, Toronto made good progress.

Turnover was inflated by sales of 7.2m Cadillac Fairview Class B preferred shares at C$10⅜ and 4m Lochiel Exploration Class A shares at 3½ cents.

Gulf Canada, with bid designs on Hiram Walker Resources, eased C$¼ to C$16⅛ while the target company jumped C$2¼ to C$30¼.

Industrials led the rally in Montreal.

EUROPE
Record run finds fresh impetus

EUROPE caught Wall Street's contagious bullishness yesterday as France, Belgium and Sweden rose to records for another session.

News that Gaullist leader Jacques Chirac had been asked to lead a right-wing government boosted confidence in **Paris** where the CAC General index put on 7.1 to a record 332.7.

Star performer was Radiotechnique which rose 17 per cent from FFr 705 to FFr 825. Thomson-CSF advanced FFr 71 to FFr 1,050, a rise of around 7.7 per cent and, after registering a FFr 130 gain in the previous two sessions, CIT-Alcatel added another FFr 160 to FFr 2,125.

Cement group Lafarge Coppeé was FFr 65 higher at FFr 1,225, while in the foods sector, BSN added FFr 220 to FFr 3,880

Those to decline included Avions Dassault, FFr 40 off at FFr 1,150 and Lesieur, FFr 26 down at FFr 870.

Continued optimism over a further drop in interest rates combined with an active start to the 15-day forward trading period to push **Brussels** higher.

The Belgian Stock Exchange index peaked at 3,417.09 after a rise of 34.39.

Electrical holding groups were strong. Electrafina rose BFr 80 to BFr 6,040, Electrobel gained BFr 400 to BFr 14,500 and Tractionel added BFr 60 to BFr 5,820.

Asturienne, the investment house specialising in minerals, property and venture capital which announced a 10 per cent increase in its dividend, rose BFr 84 to BFr 1,170. The share is now at the top of its 1985–86 trading range.

In banks, Kreditbank added BFr 675 to BFr 14,200 as it sought to catch up with the rest of the market and Genérale de Banque was steady at BFr 5,600, unaffected by the arrest of one of its employees who is alleged to have been making a market in fictitious share orders.

The third consecutive record in **Stockholm** came on the back of confidence in the outlook for the country's economy and another fall in credit market yields.

Skandia put on SKr 13 to SKr 448, Alfa Laval SKr 8 to SKr 290 after Tuesday's higher results, and Saab-Scania SKr 15 to SKr 600.

Frankfurt bounced back as foreign and domestic investors snapped up bargains after Tuesday's lower session.

Export-dependant industries gained from the stronger D-Mark. Among car issues VW added DM 22 to DM 585 on speculation it planned extra shifts to meet heavy demand, Daimler DM 17 to DM 1,333 while Porsche and BMW were both marked down, the former DM 6 to DM 1,199 and the latter DM 8 to DM 520.

Metals producer Degussa rose DM 17 to DM 462 on a higher dividend and little changed earnings while Klöckner added DM 8.50 to DM 100.50 on its first profit in 10 years.

Nixdorf added DM 20 to DM 580, recovering Tuesday's DM 18 drop caused by the sudden death of the founder Heinz Nixdorf. The company later strongly denied market rumours that Philips of the Netherlands or VW were about to take over Nixdorf.

Bonds eased by around 25 basis points. The Bundesbank bought a sizeable DM 146.8m worth of paper compared with DM 35.8m in the previous session.

The profit-taking pressure continued to pinch **Milan** as stocks fell for the second day.

Banks and insurance stocks moved against the trend with Generali L3,000 ahead at L112,000 while Mediobanca picked up a further L3,000 to L193,000.

Fiat was particularly active but closed L60 down at L10,150. The transport group announced plans to re-employ 5,500 workers and staged a smart recovery in after-bourse trading.

Madrid had another lively session with the bourse Index adding 1.11 to 150.10.

Banks were particularly active with Banco Hispano and Banco Popular each rising 15 percentage points to 355 and 925 per cent of nominal value, respectively.

Leading industrials set the pace in **Oslo** although the Opec impasse tended to dampen sentiment. Norsk Data picked up NKr 1.50 to NKr 450 while Norsk Hydro held steady at NKr 139.50 after optimistic board comments on a Canadian magnesium project. Borregaard jumped NKr 12.50 to NKr 385 and Christiania Bank was NKr 14 lower at NKr 152.50 despite record results.

Amsterdam moved slightly higher as investors remained cautions ahead of local poll results. Strong buy recommendations from banks and investment institutions pushed Royal Dutch Fl 1.90 higher to Fl 186.20 while Philips added 50 cents to Fl 63.20 on increased earnings expectations.

Most bonds rose around 10 to 30 basis points.

Zurich nudged higher as banks met steady demand but closed below their earlier highs.

AUSTRALIA

MILD profit-taking developed in Sydney after its recent record setting form. The All Ordinaries index eased 1.4 to 1,123.3.

BHP fell 4 cents to A$6.36 after touching A$6.34 while its suitors were mixed. Bell Resources held steady at A$5.20 after an early 2 cent fall while its parent Bell Group was 4 cents cheaper at A$2.70.

CRA benefited from heavy overseas buying and finished 8 cents higher at A$6.70 while Bougainville firmed 14 cents to A$2.70 on strong foreign buying. Aberfoyle added 20 cents to A$8.50.

Media stocks were mixed with News Corporation retreating 80 cents to A$16.40 after Tuesday's impressive showing.

LONDON
Budget gets vote of confidence

A VOTE of confidence was given to the budget yesterday by both domestic and foreign investors.

The London gilt market bordered on euphoria as the Bank of England signalled approval of lower interest rates. Money market dealing rates were cut by a full percentage point and the clearing banks soon followed suit forcing lending rates down to 11½ per cent.

Profit-taking in the bond market had little impact as sales were absorbed by eager buyers. Aggressive buying through the session and into after hours trade left longs 2½ points higher.

Equities displayed similar enthusiasm with the FT Ordinary index catapulted 14.9 higher to a fresh record of 1,389.5.

Internationals proved one of the few weak spots following the 5 per cent ADR tax and fears that this could repel foreign buyers. Life insurers were also dull.

Among the sparkling banks, NatWest jumped 33p to 888p, Lloyds was 23p up at 633p, Barclays was 10p higher at 555p and Midland settled for a 5p rise to 505p.

Legal & General dropped 29p to 783 while Abbey Life was 4p cheaper at 203p.

Chief price changes, Page 37; Details Page 36; Share information service, Pages 34–35

HONG KONG

FURTHER SELLING by foreign fund managers induced a weaker tone in Hong Kong. The Hang Seng index dipped 1.78 to 1,559.94 after an early gain of over 8 points.

The continued strong showing of leading overseas bourses prompted the fresh decline while the weak Hong Kong dollar proved a further discouragement.

Declines of 10 cents were recorded by Cheung Kong at HK$18, China Light at HK$15, Hutchison Whampoa at HK$24.30 and Sun Hung Kai Properties at HK$10.70.

Rises of 5 cents were made by Hongkong Electric at HK$8.30 and Hongkong Bank at HK$7.60.

Sung Hung Kai Company eased 2 cents to HK$1.03 ahead of results.

SINGAPORE

SPORADIC bargain-hunting featured in a listless Singapore that trimmed 1.84 off the Straits Times industrial index to 569.66. Turnover rose slightly to 8.6m.

Singapore Airlines remained the most active with 822,000 shares traded and closed steady at S$6.40.

Sateras Resources, also very active, fell 2 cents to 38 cents while OCBC held steady at S$6.05 on high turnover.